

**MICHIGAN CONSOLIDATED PLAN
FOR HOUSING AND COMMUNITY DEVELOPMENT
Fiscal Year 2005**

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Prepared by the

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I. EXECUTIVE SUMMARY

The State of Michigan's Housing and Community Development Consolidated Plan is submitted pursuant to a U. S. Department of Housing and Urban Development rule (24 CFR Part 91, 1/5/95) as a single submission covering the planning and application aspects of HUD's Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), HOME Investment Partnership (HOME) and Housing Opportunities for Persons with AIDS (HOPWA) formula programs.

According to HUD, the Consolidated Plan creates the opportunity for strategic planning and citizen participation to take place in a comprehensive context; it allows local governments, community organizations and citizens to address the larger picture in which these programs operate, offering the State a better chance to shape the various programs into effective coordinated strategies.

The Consolidated Plan addresses housing and community development needs in the State of Michigan, including homeless individuals and persons with AIDS. The plan references strategies developed to address the following goals of the programs that it covers during the five-year period January 1, 2005 through December 31, 2009. These include:

1. Expand the availability and supply of safe, decent, affordable, and accessible rental housing for low and extremely low-income individuals and families;
2. Improve and preserve the existing affordable housing stock and neighborhoods;
3. Increase homeownership opportunities for individuals and families by reducing the costs of homeownership;
4. Make homeless assistance more effective and responsive to local need through local autonomy and movement toward a continuum of care;
5. Develop linkages between the housing and service sectors to provide greater housing opportunities for households special needs; and,
6. Establish a suitable living environment and expand economic opportunities for low and moderate income people through economic and infrastructure development.

This consolidated submission includes five action plans, which specify the use of federal funds by the State of Michigan to implement housing and community development activities under four HUD-funded formula programs. The amount of funding for these programs in FY05 has not yet been determined. The following table represents the projected FY05 allocation of funds for formula programs (i.e., CDBG, HOME, ESG, and HOPWA Programs):

Fiscal Year 2005 Funding (Projected)

Community Development Block Grant		
Economic Development/Infrastructure	\$ 31,145,842	
Housing	10,381,948	
Administration and Technical Assistance	1,378,457	
Program Income	2,000,000	
Total Community Development Block Grant		\$ 44,915,247
HOME Investment Partnership		29,242,569
Emergency Shelter Grants		2,873,606
Housing Opportunities for Persons with AIDS		911,000
Total		\$ 77,942,422

II. CITIZEN PARTICIPATION

A. THE PUBLIC HEARING AND CONSULTATIONS

Housing programs authorized through FY05 by the National Affordable Housing Act (NAHA) represent a significant source of funding through which states like Michigan may address their need for affordable housing. These programs include the:

- Community Development Block Grant (CDBG) program;
- HOME program;
- HOPE program;
- Shelter Plus Care program
- Supportive Housing for the Elderly (Section 202);
- Supportive Housing for Persons with Disabilities (Section 811);
- Emergency Shelter Grants program;
- Supportive Housing program;
- Moderate Rehabilitation Single Room Occupancy program;
- Housing Opportunities for Persons With AIDS (HOPWA) program;
- Technical Assistance;
- Revitalization of Severely Distressed Public Housing program; and the
- Low-Income Housing Preservation program.

Prior to its submission for funding from HUD's Office of Community Planning and Development, however, Michigan is required to prepare a Consolidated Housing and Community Development Plan (the "Consolidated Plan"). The Consolidated Plan identifies housing and community development needs and proposes a strategy by which those needs will be addressed during the five-year period ending December 31, 2009.

The Michigan State Housing Development Authority (MSHDA), which is lead agency responsible for preparing the Michigan Consolidated Plan, solicited comments from the public regarding the fiscal year 2005 plan during two minimum thirty-day public comment periods.

The initial period for public comment on housing and community development needs commenced on June 17, 2004 and closed on September 30, 2004. During this time, MSHDA also conducted one public hearing to gather comments on the citizen participation plan and information for the Consolidated Plan. Notices of the public hearing were published in six newspapers throughout the state, including: *The Detroit Free Press*, *The Grand Rapids Press*,

The Lansing State Journal, Traverse City Record Eagle, The Marquette Mining Journal and The Alpena News.

Although no persons attended the public hearing, held in Lansing on August July 14, 2005, the State received written comments through a Community Development Needs survey; sent to 650 individuals, advocate groups, local units of government, for-profit and non-profit organizations. We also received input through a Housing and Special Needs consultation held on July 29, 2004 and a Multi-Family Development survey conducted in January and February 2004. As required by regulation, MSHDA consulted with other appropriate state agencies; the Michigan Department of Community Health including the Office of Services to the Aging, HOPWA and the Lead Hazard Remediation programs, the Michigan Economic Development Corporation, and the Family Independence Agency. MSHDA is also a Public Housing Authority and staff coordinated content of the MSHDA PHA annual and five-year plan with the Consolidated Plan. Taking into account public comments received during the FY05 Consolidated Plan public comment period, and in consultation with other state and local agencies, the Authority prepared the draft FY05 Consolidated Plan, and had copies available for public review during the second comment period, beginning October 1, 2004, publicized in the newspapers listed above.

Copies of the Michigan Consolidated Plan were available to the public upon request and were accessible during normal business hours at MSHDA's Lansing and Detroit offices and on the Authority's website at www.michigan.gov/mshda. In addition, the Michigan Small Communities Association, the 14 Michigan Planning and Development Regions, and the Michigan Homeless Assistance Advisory Board received copies of the draft Michigan Consolidated Plan for its review.

B. CITIZEN PARTICIPATION PLAN

Applicability and adoption of the citizen participation plan. The State is required to adopt a citizen participation plan that sets forth the State's policies and procedures for citizen participation, which comply with the provisions of 24 CFR '91.115. In accordance with these regulations, this plan amends Michigan's previous compliance with section 104(a)(3) of the Housing and Community Development Act of 1974. This amendment took effect on or about January 1, 1996.

Encouragement of citizen participation. The Michigan State Housing Development Authority encourages participation in the development of the plan, any substantial amendments to the plan, and the performance report. Participation of low and moderate income persons is encouraged, particularly those living in slum and blighted areas and in areas where CDBG funds are proposed to be used, and by residents of predominantly low and moderate income neighborhoods, through the following strategies:

- Public hearing announcements have been made available to interested parties at MSHDA workshops and the Michigan Community Development Directors Association meetings. Participants in the workshops includes local units of government, nonprofits organizations (including homeless providers), lenders, and individuals interested in affordable housing and community development.
- A hearing is scheduled in a location accessible to low and moderate income persons and persons with disabilities.
- Consultation sessions are scheduled and surveys conducted, providing interested stakeholders an opportunity to give input on trend, needs, issues, and program designs.

Citizen and local government comment on the citizen participation plan and amendments.

All public hearing announcements and comment periods specifically reference the fact that comment is requested on both the consolidated plan and the citizen participation plan. These plans will be made available in a format accessible to persons with disabilities upon request.

Development of the consolidated plan.

1. Before the state adopts its Consolidated Plan, the state will make available to citizens, public agencies, and other interested parties information that includes the amount of assistance the state expects to receive and the range of activities that may be undertaken, including the estimated amount that will benefit persons of low and moderate income and the plans to minimize displacement of persons and to assist any persons displaced. This information will be available October 1, 2004.
2. The state will publish the proposed Consolidated Plan in a manner that affords citizens, units of general local governments, public agencies, and other interested parties a reasonable opportunity to examine its contents and submit comments. The plan has

been made available at the Lansing and Detroit offices of the Michigan State Housing Development Authority, the Michigan Economic Development Corporation, and its availability by mail was advertised in six newspapers of general circulation. Comments were solicited by mail through announcements in six newspapers of general circulation, and in person at program workshops and the Michigan Community Development Directors Association fall quarterly meeting.

3. The Michigan State Housing Development Authority, the Michigan Economic Development Corporation and the Department of Community Health held a public hearing in order to solicit information on housing and community development needs. Advance notice was given for these hearings, in the form of announcements published in six newspapers of general circulation, at least two weeks prior to the public hearing. Such announcements provided information about the topic of the hearings, location, and how comments could be submitted by mail if the person(s) was unable to attend the public hearing in person. The public hearing was held at a time and place convenient to potential and actual beneficiaries. Locations were handicapper accessible. Interpreters shall be provided in instances where there is reason to believe a significant number of non-English speaking residents can be reasonably expected to participate.
4. The Citizen Participation plan provided for a period of not less than 30 days to receive comments from citizens and units of general local government on the consolidated plan. The dates of this period were on or about October 1 through October 31, 2004.
5. The State has received the comments and views of citizens and units of general local government received in writing, at program workshops and at the public hearing. All comments were considered in the preparation of the Consolidated Plan and five year strategy.

Amendments to the Consolidated Plan.

Under the final Consolidated Plan regulations, the State is required to advise HUD of substantial changes in the state's Consolidated Plan. The Michigan Consolidated Plan represents the best effort possible to incorporate citizen concerns in the entire planning process.

1. Criteria for amending the Consolidated Plan and/or the disbursement or targeting of funding would include changes in activities or the method of distribution, either reported herein or unforeseen, and changes in beneficiaries or subscribers that could reasonably be expected to change the delivery of services described herein. By definition, a substantial amendment to the Consolidated Plan would result from a change from eligible to ineligible activity, or vice versa, or a change from competitive award of funds to formula allocation, or vice versa, or from a change in the method of distribution of funds if said change will cause an increase or decrease in the original allocation mix over 35%. Administrative transfers of funds to reflect actual program spending between and among programs identified in the plan will not constitute a substantial amendment to the plan if 1) such transfer does not result in the addition or elimination of the activities described herein and 2) such transfer does not cause a change in program priorities as described in this section.
2. The State will provide citizens and units of local government with reasonable notice and an opportunity to comment on substantial amendments. Reasonable notice will be given through a public notice in a newspaper(s) with statewide circulation. Opportunity to offer

comments will be provided by a period of not less than 30 days, identified in the public notice, to receive comments on the substantial amendments before the amendment is implemented. The notice will clearly provide the name and address of the person responsible for receiving these comments. Reasonable notice will be given to the public for non-substantial amendments by a statewide mailing to current grantees and other interested parties.

3. The State will consider any comments or views of citizens and units of general local government received in writing, if any, in preparing the substantial amendment to the consolidated plan. A summary of these comments or views not accepted and the reasons therefore shall be attached to the substantial amendment to the consolidated plan.

Performance Reports.

1. Citizens shall be provided with a reasonable notice and opportunity to comment on any performance reports required on the Consolidated Plan. A period of not less than 15 days shall be provided to receive comments on the performance report prior to its submission to HUD. Reasonable notice shall be given in the form of an announcement in one or more newspapers of general public circulation.
2. The state shall consider any comments received in writing or orally at public hearings in preparing the performance report. A summary of these comments shall be attached to the performance report.

Citizen participation requirements for local governments.

Units of general local government receiving CDBG funds from the State will hold a public hearing to receive comment on their proposed project(s) prior to submission to the State. For housing projects, these hearings also include comment on program accomplishments from the preceding project(s). Units of local government receiving CDBG funds from the State for non-housing projects also hold a public hearing to receive public comment on program accomplishments after project completion but prior to final close out.

Units of general local government receiving CDBG HUD Disaster Recovery funds from the State will furnish citizens with information regarding the amount of funds available, the range of activities, the estimated amount of the proposed activities that will benefit persons of low to moderate income; will publish the proposed Action Plan for Disaster Recovery for public comment; and will provide reasonable public notice and comment period on any substantial change to the Action Plan.

Availability to the public.

The consolidated plan, as adopted, substantial amendments, and the performance report, shall be available to the public, including the availability of materials in a form accessible to persons with disabilities, upon request. These documents shall be available at both the Lansing and Detroit offices of the Michigan State Housing Development Authority and available upon request to members of the general public through U.S. Mail.

Access to records.

The state shall provide citizens, public agencies, and other interested parties with reasonable and timely access to the state's consolidated plan and the state's use of assistance under the programs covered by this part during the preceding five years.

Complaints.

The state shall provide a timely, substantive written response to every written citizen complaint, within 15 working days where practicable, to complaints received from citizens on the consolidated plan, amendments, and performance report.

Use of the Citizen Participation Plan.

The state assures that it will follow its Citizen Participation Plan.

III. Housing and Homeless Needs Assessment

A. General Housing Needs and Categories of Affected Persons

Background Information

Household Types

2000 CHAS data provided for owner and renter households consisted of elderly households, 1 and 2 person households, small related households with 2-4 persons, large related households of 5 or more persons, and other households such as those consisting of a single, non-elderly individual or a group of unrelated individuals.

The same income levels applied to all renter and owner households;

Extremely low-income included all households with incomes between 0-30 percent of the household area median income (AMI).

Other very low-income included households with incomes between 31 and 50 percent of AMI.

Low income included all households with incomes between 51-80 percent of AMI.

Moderate income included all households with incomes between 81-95 percent of AMI.

Households with incomes above 95 percent of AMI are defined as being above moderate income. This category includes households that are generally outside the public purpose of the various state-administered, federally funded housing and community development programs.

Housing Problems

HUD defines households paying high levels of income for housing expenses as cost burdened. HUD distinguishes between two levels of cost burden. The first, *cost-burdened*, consisted of households paying more than 30 percent of income for housing. The second, *severely cost-burdened*, included households paying more than 50 percent of income for housing. Other housing problems included a lack of complete plumbing facilities, lack of complete kitchen facilities, and overcrowding (more than 1.0 persons per room). Based on the available 2000 Census data, cost burden is a greater housing problem in Michigan than either lack of plumbing/kitchen facilities or overcrowding.

Renter Households

Although cost burden was a problem for very low-income renter households in the 31-50% AMI range, extremely low-income renters remain much more likely to experience severe cost burdens. However, since the rates of very low-income renters with any housing problems and those who are cost burdened are very close (67.9 and 66.2 percent respectively) cost burden is clearly the most important of the four housing problems encountered by this income category. The lowest income grouping, 0-30% AMI, have a 71.8 percent rate of being cost burdened.

Very Low Income Households

Among the extremely low-income households, large-related households displayed the highest proportion of housing problems followed by small-related households. Compared to other household types in this income range, the elderly were least affected by all housing problems or cost burdens

At the 31-50% AMI level, however, “other” households were more likely to experience housing problems in general and cost burden in particular. The “other” households category includes non-elderly single individuals, and various households comprised of individuals unrelated by blood or marriage. Large-related households at this income level had fewer problems with cost burden, although their overall rate of housing problems exceeded those for elderly or small-related households. There was a relatively large spread between the percentage of large-related households with all housing problems and those with cost burdens, strongly suggesting that more of the groups problems reflect overcrowding. Small-related households in this income range had the second highest rate of problems from cost burden, but severe cost burdens were more of a problem for elderly and the “other” households categories.

Low Income

In general, the rates for households experiencing housing problems fall-off as incomes rise above 50% AMI. Rates for low-income households are only half as high as those for very low-income renter households. The incidence of severe cost burdens displays this best by dropping to rates as low as <1 to 9 percent among households in this income range.

Large-related households had the greatest rates of housing problems, but at this income level more of their problems were related to something other than cost burdens, suggesting that overcrowding may be a more significant factor. Cost burden remains the main problem for elderly and “other” households. There is little difference between their rates for all housing problems and those for cost burden. Elderly had the highest rates for severe cost burden followed by “other” households. Although low-income renters have lower overall problem rates, cost burden remains the single biggest problem. With the exception of elderly renters households, severe cost burden is relatively limited within this income range.

Moderate Income

The rate of housing problems for moderate-income households was slightly less than half that of low-income households. However, the same general pattern seen in other income groups prevailed here as well. Cost burden remains the major component of housing problems for all except large-related and to a lesser degree small-related households. Elderly and “other” moderate-income renters continue to experience cost burdens at a rate close to that for overall housing problems.

Although cost burden is clearly still a problem for many moderate-income households, the rate is far below that for the lowest income categories. Large-related households continue to have fewer problems with cost burden than with overcrowding. Small-related households have housing problems other than cost burden but it is unclear what the specific problem is present. Severe cost burden was a significant problem only for the elderly households.

Race/Ethnic Categories

HUD data provides information for various racial and ethnic groups similar to the data

provided for the state as a whole. This permitted a general assessment of the degree to which any of the individual groups experienced needs disproportionate to those of a corresponding category of the state's total households. These categories included White Non-Hispanic, Black Non-Hispanic, Asian Non-Hispanic, Native American Non-Hispanic, and Hispanic. The overall housing problems encountered by the five racial/ethnic groups are generally the same as the state as a whole.

With the exception of extremely low-income renter households, Asian Non-Hispanic households had markedly higher (≥ 10 percentage points) than average incidences of housing problems at the very low and low-income groupings. The data only gives percentages for total renters so it is not possible to pinpoint what particular household types are experiencing the greatest degree of housing problems. Black Non-Hispanic, White Non-Hispanic, Native American Non-Hispanic, and Hispanic renter households reported problems that closely tracked those for all households included in the data.

The charts below identify the specific percentages for distribution of income and housing problems by household type and income level in 2000.

Distribution of Incomes by Renter Household Type

Percent of Median Income	Percent of All Renter Households	Percent of All Minority Headed Households	Percent of Black Non-Hispanic Renter Households	Percent of Hispanic Renter Households	Percent of Asian Non-Hispanic Renter Households	Percent of Native American Non-Hispanic	Percent of White Non-Hispanic Households
0-30	25.5	34.6	37.5	26.2	22.1	28.0	20.9
31-50	17.9	17.9	18.4	19.4	11.7	16.9	17.9
51-80	22.0	19.4	19.4	23.2	14.6	20.9	23.3

Source: SOCDs 2000 CHAS Data

Renter Households with Housing Problems By Household Type and Income Level

Percent of Median Income	Percent of All Renter Households	Percent of All Minority Headed Households	Percent of Black Non-Hispanic Renter Households	Percent of Hispanic Renter Households	Percent of Asian Non-Hispanic Renter Households	Percent of Native American Non-Hispanic	Percent of White Non-Hispanic Households
0-30	73.4	75.6	75.5	80.2	69.8	75.7	72.4
31-50	61.9	59.2	57.0	63.1	80	61.6	63.1
51-80	24.9	25.0	24.3	20.9	46.2	24.1	24.1

Source: SOCDs 2000 CHAS Data

Owner Households

The 2000 CHAS data provides separate tabulations for owners and for each of the same racial/ethnic groups used for renter households.

Very Low Income Households

There were and continue to be several significant differences between the circumstances of very low-income renter and owner households. A rise in income sharply reduces the incidence of housing problems in owner households. According to the 2000 data, 72.5

percent of extremely low-income (0-30% AMI) owner households had any of the housing problems included in the data and 71.2 percent experienced a housing cost burden. Households with incomes at 31-50 percent AMI had a 46 percent rate of any housing problem and 44 percent were cost burdened.

Elderly households had a somewhat lower incidence of housing problems than did other owner households: 66.5 percent of extremely low-income households experienced housing problems; 29.6 percent of the elderly households with incomes between 31-50 percent AMI experience cost burdens. The lower incidence of cost burden for elderly owner households may result from the fact that in spite of generally lower incomes; older homeowners are less likely to have mortgage costs.

Low Income

The rate of housing problems for owners in the 51-80 percent AMI income range fell well below those of the lowest income households, particularly for the elderly households. The same general pattern prevails. Elderly low-income owners had lower rates of overall housing and cost burden problems than do aggregated non-elderly households. The rate of households severely cost burdened is substantially lower than the rate of those simply cost burdened. About one-half of low-income owners experienced housing problems, including cost burden. Less than twenty percent experienced severe cost burden.

Moderate Income

The rate of housing problems among owners at the 81-95 percent AMI income level did not fall off as rapidly as did those in the lower income groups. At this income, elderly owners' primary housing problems are almost exclusively associated with cost burden. Nevertheless, these moderate-income elderly owners generally had a relatively low incidence of housing problems; around 5 percent.

In contrast, nearly 9 percent of other non-elderly moderate-income owner households experienced some housing problem, including cost burden. Relatively few, 7.5 percent, experienced severe cost burden.

Race/Ethnic Categories

As was the case for renter households, the 2000 CHAS data provided a basis for distinguishing disproportionate variations in the experience of owner households identified by racial and ethnic groups. Although there were similarities in the overall housing problems experienced by owners in the five racial/ethnic groups, there were some significant differences.

Hispanic elderly owners in the 31-50 percent AMI had markedly higher (10.7 percentage points) than average incidences of housing problems and \pm 5 percentage points for elderly owners in the 51-80 percent AMI range.

Black Non-Hispanic elderly and "other" households also showed higher incidences of housing problems. The rate of housing problems for "other" households in the 0-30 percent AMI range is 7.5 percentage points higher. Black Non-Hispanic elderly households in the 31-50 percent AMI range is 6.7 percentage points higher and 4.7 points higher in the 51-80 percent AMI range.

Although numerically a relatively small category, Asian Non-Hispanic households had

markedly higher (≥ 10 percentage points) than average incidences of housing problems at all income groupings. The data only gives percentages for total owners so it is not possible to pinpoint what particular household types are experiencing the greatest degree of housing problems.

Native American Non-Hispanic owner households reported housing problems that closely tracked those for total households included in the data. The data only gives percentages for total owners so it is not possible to discern if there are differences in a particular household type.

Not surprisingly considering they constituted 87 percent of the total, White Non-Hispanic owner households reported housing problems that closely tracked those for the total households included in the data.

The pattern of disproportionate needs associated with some categories of minority headed households reflects their generally lower incomes. Minority headed households were more likely to have a higher incidence of housing problems at all income levels. Black Non-Hispanic households were somewhat less likely than other minority owner households to have housing problems.

The charts below identify the specific percentages for distribution of income and housing problems by household type and income level in 2000.

Distribution of Incomes by Owner Household Type

Percent of Median Income	Percent of All Households	Percent of All Minority Headed Households	Percent of Black Non-Hispanic Households	Percent of Hispanic Households	Percent of Asian Non-Hispanic Households	Percent of Native American Non-Hispanic	Percent of White Non-Hispanic Households
0-30	6.7	13.1	15.1	8.6	3.7	9.0	5.8
31-50	8.7	11.5	12.3	10.8	5.4	10.2	8.2
51-80	16.5	17.9	18.4	20.0	10.3	18.0	16.3

Source: SOCDs 2000 CHAS Data

Owner Households with Housing Problems By Household Type and Income Level

Percent of Median Income	Percent of All Households	Percent of All Minority Headed Households	Percent of Black Non-Hispanic Households	Percent of Hispanic Households	Percent of Asian Non-Hispanic Households	Percent of Native American Non-Hispanic	Percent of White Non-Hispanic Households
0-30	72.5	73.4	72.9	75.2	80.4	76.5	72.1
31-50	46.0	53.9	52.5	56.7	69.3	58.5	44.3
51-80	30.0	34.5	32.8	36.2	59.8	31.4	29.2

Source: SOCDs 2000 CHAS Data

SOCDS CHAS Data: Housing Problems Output for All Households

Name of Jurisdiction: Michigan			Source of Data: CHAS Data Book			Data Current as of: 2000					
	Renters					Owners					
Household by Type, Income, & Housing Problem	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (5 or more members)	All Other	Total Renters	Elderly (1 & 2 members)	Small Related (2 to 4 members)	Large Related (5 or more members)	All Other	Total Owners	Total Households
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
1. Household Income <= 50% MFI	104,729	139,615	36,690	149,765	430,799	211,398	112,590	35,095	70,729	429,812	860,611
2. Household Income <=30% MFI	62,175	78,920	20,475	91,370	252,940	86,920	47,725	13,785	39,285	187,715	440,655
3. % with any housing problems	58.6	82.2	91.0	73.4	73.9	66.5	78.5	86.6	73.3	72.5	73.3
4. % Cost Burden >30%	57.8	79.6	81.9	72.4	71.8	66.1	77.5	78.5	72.5	71.2	71.6
5. % Cost Burden >50%	37.9	60.7	56.7	59.1	54.2	38.7	63.3	60.8	58.3	50.7	52.7
6. Household Income >30 to <=50% MFI	42,554	60,695	16,215	58,395	177,859	124,478	64,865	21,310	31,444	242,097	419,956
7. % with any housing problems	54.7	59.8	66.7	67.9	61.9	29.6	61.9	71.0	61.0	46.0	52.7
8. % Cost Burden >30%	53.9	54.9	41.4	66.2	57.1	29.2	60.5	56.3	60.4	44.0	49.6
9. % Cost Burden >50%	18.3	8.9	5.1	15.7	13.1	11.4	27.2	20.3	30.4	18.9	16.4

10. Household Income >50 to <=80% MFI	30,599	78,695	19,660	89,585	218,539	172,698	165,554	53,054	70,420	461,726	680,265
11.% with any housing problems	33.6	20.5	43.1	21.9	24.9	14.8	36.7	44.3	40.6	30.0	28.4
12.% Cost Burden >30%	32.7	13.2	6.8	20.0	18.1	14.5	35.1	28.6	40.0	27.4	24.4
13. % Cost Burden >50%	9.0	0.8	0.6	1.4	2.1	4.0	7.4	4.7	9.8	6.2	4.9
14. Household Income >80% MFI	29,435	139,809	23,070	150,240	342,554	303,897	1,128,049	216,795	253,065	1,901,806	2,244,360
15.% with any housing problems	11.2	6.9	33.7	3.5	7.6	5.2	6.8	15.3	11.7	8.2	8.1
16.% Cost Burden >30%	9.7	1.2	1.2	1.7	2.1	5.0	6.0	6.3	11.0	6.5	5.9
17. % Cost Burden >50%	3.1	0.1	0.0	0.1	0.4	0.9	0.6	0.6	1.1	0.7	0.7
18. Total Households	164,763	358,119	79,420	389,590	991,892	687,993	1,406,193	304,944	394,214	2,793,344	3,785,236
19. % with any housing problems	44.5	35.4	57.6	33.8	38.1	19.8	15.3	27.5	26.9	19.4	24.3
20. % Cost Burden >30	43.5	30.2	31.6	32.1	33.3	19.5	14.4	16.9	26.3	17.6	21.7
21. % Cost Burden >50	21.2	15.1	15.8	16.6	16.8	8.3	4.8	5.4	10.7	6.6	9.2

Source: [Tables F5A, F5B, F5C, F5D](#)

SOCDS CHAS Data: Housing Problems Output for Black Non-Hispanic Households

Name of Jurisdiction: Michigan			Source of Data: CHAS Data Book		Data Current as of: 2000				
	Renters				Owners				
Household by Type, Income, & Housing Problem	Elderly 1 & 2 Member Households	Family Households	All Other Households	Total Renters	Elderly 1 & 2 Member Households	Family Households	All Other Households	Total Owners	Total Households
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1. Household Income ≤50% MFI	20,610	75,585	38,305	134,500	23,260	33,600	11,390	68,250	202,750
2. Household Income ≤30% MFI	15,015	48,240	27,010	90,265	13,270	16,605	7,715	37,590	127,855
% with any housing problems	58.9	84.5	68.6	75.5	68.8	79.4	65.8	72.9	74.7
3. Household Income >30 to ≤50% MFI	5,595	27,345	11,295	44,235	9,990	16,995	3,675	30,660	74,895
% with any housing problems	44.6	57.5	62.0	57.0	36.3	59.4	64.8	52.5	55.2
4. Household Income >50 to ≤80% MFI	3,700	26,900	15,950	46,550	10,495	27,980	7,260	45,735	92,285
% with any housing problems	25.1	25.4	22.2	24.3	19.5	35.0	43.7	32.8	28.5
5. Household Income >80% MFI	3,635	33,900	21,800	59,335	16,125	97,585	20,770	134,480	193,815
% with any housing problems	4.4	13.5	5.1	9.9	6.8	10.5	12.5	10.4	10.2
6. Total Households	27,945	136,385	76,055	240,385	49,880	159,165	39,420	248,465	488,850
% with any housing problems	44.5	49.8	39.7	46.0	31.9	27.2	33.6	29.2	37.4

Source: [Tables A1C & A1D](#)

SOCDS CHAS Data: Housing Problems Output for Hispanic Households

Name of Jurisdiction: Michigan				Source of Data: CHAS Data Book		Data Current as of: 2000			
	Renters				Owners				
Household by Type, Income, & Housing Problem	Elderly 1 & 2 Member Households	Family Households	All Other Households	Total Renters	Elderly 1 & 2 Member Households	Family Households	All Other Households	Total Owners	Total Households
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1. Household Income ≤50% MFI	1,495	10,715	4,850	17,060	2,050	5,390	1,280	8,720	25,780
2. Household Income ≤30% MFI	1,045	5,965	2,795	9,805	1,035	2,150	690	3,875	13,680
% with any housing problems	58.9	85.8	76.2	80.2	67.1	80.5	71.0	75.2	78.8
3. Household Income >30 to ≤50% MFI	450	4,750	2,055	7,255	1,015	3,240	590	4,845	12,100
% with any housing problems	56.7	62.5	65.7	63.1	39.9	61.1	61.0	56.7	60.5
4. Household Income >50 to ≤80% MFI	300	5,815	2,580	8,695	1,215	6,580	1,200	8,995	17,690
% with any housing problems	11.7	39.5	21.7	33.2	19.8	38.9	38.3	36.2	34.8
5. Household Income >80% MFI	310	7,420	3,935	11,665	1,925	22,285	2,975	27,185	38,850
% with any housing problems	3.2	28.9	7.1	20.9	7.3	13.8	11.9	13.1	15.4
6. Total Households	2,105	23,950	11,365	37,420	5,190	34,255	5,455	44,900	82,320
% with any housing problems	43.5	52.3	38.0	47.5	28.5	27.3	30.5	27.8	36.7

Source: [Tables A1C & A1D](#)

SOCDS CHAS Data: Housing Problems Output for Asian Non-Hispanic Households

Name of Jurisdiction: Michigan				Source of Data: CHAS Data Book		Data Current as of: 2000			
	Renters				Owners				
Household by Type, Income, & Housing Problem	Elderly 1 & 2 Member Households	Family Households	All Other Households	Total Renters	Elderly 1 & 2 Member Households	Family Households	All Other Households	Total Owners	Total Households
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1. Household Income ≤50% MFI	N/A	N/A	N/A	9,200	N/A	N/A	N/A	2,445	11,645
2. Household Income ≤30% MFI	N/A	N/A	N/A	6,020	N/A	N/A	N/A	995	7,015
% with any housing problems	N/A	N/A	N/A	69.8	N/A	N/A	N/A	80.4	71.3
3. Household Income >30 to ≤50% MFI	N/A	N/A	N/A	3,180	N/A	N/A	N/A	1,450	4,630
% with any housing problems	N/A	N/A	N/A	80.0	N/A	N/A	N/A	69.3	76.7
4. Household Income >50 to ≤80% MFI	N/A	N/A	N/A	3,980	N/A	N/A	N/A	2,775	6,755
% with any housing problems	N/A	N/A	N/A	46.2	N/A	N/A	N/A	59.8	51.8
5. Household Income >80% MFI	N/A	N/A	N/A	14,025	N/A	N/A	N/A	21,740	35,765
% with any housing problems	N/A	N/A	N/A	20.6	N/A	N/A	N/A	18.2	19.1
6. Total Households	N/A	N/A	N/A	27,205	N/A	N/A	N/A	26,960	54,165
% with any housing problems	N/A	N/A	N/A	42.2	N/A	N/A	N/A	27.5	34.9

Source: [Tables A1A & A1B](#)

SOCDS CHAS Data: Housing Problems Output for Native American Non-Hispanic Households

Name of Jurisdiction: Michigan				Source of Data: CHAS Data Book		Data Current as of: 2000			
	Renters				Owners				
Household by Type, Income, & Housing Problem	Elderly 1 & 2 Member Households	Family Households	All Other Households	Total Renters	Elderly 1 & 2 Member Households	Family Households	All Other Households	Total Owners	Total Households
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1. Household Income ≤50% MFI	N/A	N/A	N/A	3,390	N/A	N/A	N/A	2,265	5,655
2. Household Income ≤30% MFI	N/A	N/A	N/A	2,115	N/A	N/A	N/A	1,085	3,200
% with any housing problems	N/A	N/A	N/A	75.7	N/A	N/A	N/A	76.5	75.9
3. Household Income >30 to ≤50% MFI	N/A	N/A	N/A	1,275	N/A	N/A	N/A	1,180	2,455
% with any housing problems	N/A	N/A	N/A	61.6	N/A	N/A	N/A	58.5	60.1
4. Household Income >50 to ≤80% MFI	N/A	N/A	N/A	1,575	N/A	N/A	N/A	2,085	3,660
% with any housing problems	N/A	N/A	N/A	24.1	N/A	N/A	N/A	31.4	28.3
5. Household Income >80% MFI	N/A	N/A	N/A	2,570	N/A	N/A	N/A	7,195	9,765
% with any housing problems	N/A	N/A	N/A	6.6	N/A	N/A	N/A	8.4	7.9
6. Total Households	N/A	N/A	N/A	7,535	N/A	N/A	N/A	11,545	19,080
% with any housing problems	N/A	N/A	N/A	39.0	N/A	N/A	N/A	24.1	30.0

Source: [Tables A1A & A1B](#)

SOCDS CHAS Data: Housing Problems Output for White Non-Hispanic Households

Name of Jurisdiction: Michigan			Source of Data: CHAS Data Book		Data Current as of: 2000				
	Renters				Owners				
Household by Type, Income, & Housing Problem	Elderly 1 & 2 Member Households	Family Households	All Other Households	Total Renters	Elderly 1 & 2 Member Households	Family Households	All Other Households	Total Owners	Total Households
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1. Household Income ≤50% MFI	80,145	78,840	96,870	255,855	183,380	102,080	55,855	341,315	597,170
2. Household Income ≤30% MFI	44,300	38,640	54,825	137,765	71,205	39,880	29,575	140,660	278,425
% with any housing problems	58.2	83.3	76.3	72.4	65.9	80.7	75.2	72.1	72.2
3. Household Income >30 to ≤50% MFI	35,845	40,200	42,045	118,090	112,175	62,200	26,280	200,655	318,745
% with any housing problems	56.2	62.7	69.2	63.1	28.8	65.3	60.5	44.3	51.2
4. Household Income >50 to ≤80% MFI	26,125	60,010	67,180	153,315	159,360	176,910	60,390	396,660	549,975
% with any housing problems	35.3	22.1	21.5	24.1	14.4	38.7	40.2	29.2	27.8
5. Household Income >80% MFI	25,015	108,155	116,025	249,195	282,060	1,188,150	223,850	1,694,060	1,943,255
% with any housing problems	12.3	6.9	3.0	5.7	5.1	7.7	11.6	7.7	7.5
6. Total Households	131,285	247,005	280,075	658,365	624,800	1,467,140	340,095	2,432,035	3,090,400
% with any housing problems	44.4	31.6	31.7	34.2	18.6	15.8	26.0	18.0	21.4

Source: Tables A1C & A1

B. HOMELESS NEEDS

The information in this section on homelessness in the State of Michigan is excerpted from the State of Michigan's 2004 Statewide Continuum of Care. The Michigan State Housing Development Authority (MSHDA) is the State's lead agency in convening and coordinating the efforts of the Michigan Statewide Continuum of Care. The lead entity in Michigan's Statewide Continuum of Care planning process is the Michigan Homeless Assistance Advisory Board (MHAAB). This Advisory Board includes representatives from most of the State's agencies and programs engaged in response to homeless populations, including: Housing, Mental Health, Education, Corrections, Veterans Affairs, Workforce Development, Family Independence Agency, HOPWA/AIDS, Homeless and Runaway Youth, Domestic Violence, and Substance Abuse. The Michigan Homeless Assistance Advisory Board conducted the 2004 gaps analysis and prioritized projects for funding under the 2004 U.S. Department of Housing & Urban Development's competitive homeless assistance funding.

The Statewide Continuum of Care documents the problem of homelessness in Michigan and describes the system of locally driven, state funded services available in Michigan communities that are dedicated to alleviating homelessness.

In the most recent year for which complete data has been compiled, at least 36,214 people were homeless in Michigan as reported in the Statewide Continuum of Care: 2004 Housing Gaps Analysis Chart (see Table 1A). This figure includes the reported sheltered homeless population plus the most conservative estimated of unmet need. It is important to note this count may under represent the number of homeless due to the fact the HUD mandated point-in-time count occurred in late January in a week that was characterized by raging snowstorms and plummeting temperatures-making efforts to identify "unsheltered" homeless nearly impossible.

Data on the extent of homelessness by racial/ethnic group and for those at risk of homelessness is not currently available. It is believed the successful implementation of the Homeless Management Information System (HMIS) throughout the State's Continuum of Cares' will provide a wealth of information in the future. The implementation of HMIS is discussed more fully under the Continuum of Care narrative at the end of this section.

Emergency Shelter and Services

The 2004 Gaps Analysis documents a statewide point-in-time emergency shelter bed count of 3,344 beds for persons in families, and 4,464 beds for individuals. Eighty-two percent of the available emergency shelter beds are in metropolitan areas. Approximately 3,664 emergency shelter beds are located in Detroit and in Wayne County. Kent County has 361 emergency shelter beds. Lansing/Ingham County has 241 emergency shelter beds. Oakland County has 356 emergency shelter beds. Kalamazoo (236), Genesee (201) and Washtenaw (192) counties each have about 200 emergency shelter beds. Many rural communities do not have emergency shelter facilities and rely on hotel/motel vouchers. Shelters for victims of domestic violence are the most common types of shelter found in rural areas reflecting the network of state funding for domestic violence shelters and services.

Many of Michigan's larger communities provide warming centers during the coldest winter months and establish overflow night shelters. Wayne, Kent and Washtenaw counties open additional facilities during the winter months. Many communities establish overflow plans to accommodate increased demand for shelter during the winter months when people can no longer live in campgrounds, unheated homes, or in vehicles.

MSHDA administers the State of Michigan's Emergency Shelter Grants (ESG) program. MSHDA funds operations, essential services, and homeless prevention with ESG dollars. In the past few years, MSHDA has not funded the creation of new shelter beds unless the local Continuum of Care plan has identified a need for additional shelter beds, or an emergency shelter did not previously serve the area. The focus has been on providing transitional housing programs, prevention, or other services to help homeless people transition out of homelessness.

Other support for emergency shelters include MSHDA's Critical Need Program which funds emergency repairs at homeless shelters, and Michigan's electric companies offering discounts on utility bills for many emergency shelters during the winter months of January, February and March of each year. MSHDA's Critical Need Program funds one-time emergency rehabilitation and repair for shelters for such as new furnaces, roof repair and other structural needs.

The Michigan Family Independence Agency, the state agency that administers Temporary Assistance to Needy Families, food stamps, child protective services, foster care, adult protective services and other social service programs, administers several programs that provide emergency assistance to prevent and alleviate homelessness in Michigan communities. One such program, State Emergency Relief (SER), provides approximately \$14 million in assistance each year. SER provides shelter related services to individuals and families to prevent homelessness and to assist in securing permanent housing. This includes funding for security deposits, rent arrears, utility assistance and deposits, and moving expenses. In order to receive relocation assistance, persons must be homeless, about to become homeless due to a pending eviction, or need to relocate to adequate housing so that children can be returned from foster care or prevented from going into foster care. FIA will provide SER, provided that the housing to be assisted is "affordable", that is the total housing costs (rent or mortgage, taxes and insurance) must be no more than 75% of a family's or individual's total net income.

In addition, FIA has an approximately \$12 million contract with the Salvation Army to fund a safety net of shelter beds across the State by reimbursing local shelters for shelter beds and meals. This funding provides approximately 10,000 emergency and transitional shelter beds per night include a number of hotel/motel vouchers in rural areas. This funding ensures that a shelter bed is available for every person in Michigan who requests one. In many communities, the Salvation Army will provide motel vouchers for a brief period if no shelter beds are available or existing shelters are full. Many of Michigan's rural areas have no shelter beds and rely on aid given out by local churches and hotel vouchers funded through the Salvation Army, Community Action Agencies, or local FIA offices.

FIA also is providing its local offices with Emergency Services (ES) funding to meet local emergency needs. This allocation is used for homeless related assistance with an emphasis on homeless prevention and transitional services. The Emergency Services Homeless Transition program funds security deposits & first months' rent, heat and utilities, and the case management necessary to relocate and support a client in a new home. These funds are distributed by formula to county FIA offices. Emergency Service funds are used to meet local emergency needs not covered by the State Emergency Relief program. Local FIA offices often contract with local nonprofit organizations and emergency shelters with Emergency Service funds.

The first priority for use of Emergency Services funds is to assure that clients have safe and decent housing with a specific concern for persons in danger of losing their residences, and those living in emergency shelters. FIA has encouraged its local offices to use Emergency

Services funding to cover needs that localities have identified and have not been able to fund through HUD or MSHDA in their local Continuum of Care plans.

Transitional Housing and Services

Transitional housing is temporary housing (up to 24 months) designed with a structured supportive services program to help a family or individual achieve the highest level of self-sufficiency possible. The 2004 Gaps Analysis documents a statewide point-in-time transitional housing bed count of 3,464 beds for persons in families, and 2,565 beds for individuals. Ninety-two percent of the available transitional housing beds are in metropolitan areas. Approximately 2,703 transitional housing beds are located in Detroit and in Wayne County. Kent County has 524 transitional housing beds, Lansing/Ingham County has 214, Oakland County has 295, Kalamazoo has 370, Genesee has 66 and Washtenaw has 156. Many rural communities do not have transitional housing beds; there are only 433 transitional housing units in the Balance of State areas that roughly correspond to non-metropolitan areas.

Transitional housing is often one of the top priorities of local Continuums of Care because it is an ideal way to help overcome the many deficits and problems that cause an individual or family to become homeless. Transitional housing programs provide services with enough intensity and for a sufficient length of time to help homeless people deal with the root problems that led to their homelessness.

Permanent Housing and Services

The 2004 Gaps Analysis documents a statewide point-in-time permanent housing bed count of 1,421 beds for persons in families, and 3,558 beds for individuals. Ninety-six percent of the available permanent housing beds are in metropolitan areas. 3,085 permanent housing beds are located in Detroit. Kent County has 346 permanent housing beds, Lansing/Ingham County has 66, Oakland County has 299, Kalamazoo has 136, Genesee has 87 and Washtenaw has 165. Most rural communities do not have permanent housing beds; there are only 237 permanent housing units in the Balance of State areas that roughly correspond to non-metropolitan areas.

Michigan's inventory of permanent supportive housing is inadequate. The Supportive Housing Demonstration is part of a strategy to encourage the development of new units by local communities. The Supportive Housing Demonstration, a collaborative effort between the Corporation for Supportive Housing, MSHDA, and MDCH, has generated excitement in the state around increasing the supply of permanent supportive housing units and encouraging systems change to remove barriers so that nonprofit organizations can develop units at a faster rate. Over 300 permanent supportive housing units have been constructed since the demonstration began in 2000.

Housing assistance is considered a key element in the success of permanent supportive housing programs however; the State of Michigan does not have a state-funded rental assistance program. Many urban areas have public housing agencies (PHA) that have an inventory of public housing, and often administer the Federal Section 8 rental assistance program. MSHDA is the statewide PHA and administers a Section 8 program. MSHDA administers over 21,000 Section 8 vouchers, and has an existing portfolio of approximately 80,000 affordable rental units in MSHDA assisted complexes for families, the elderly and people with disabilities.

Other state support for permanent housing includes programs administered by the Michigan Department of Community Health (MDCH). MDCH administers a Shelter Plus Care grant for nine programs with the capacity to support 309 units. This program provides rental assistance for persons with mental illness, substance abuse problems, or living with HIV/AIDS. A match consisting of equivalent support services dollars is required. Of the 309 units, 48 are located in five rural counties, 164 units are in the metro Detroit area, and 97 are in Oakland County and the Flint/Saginaw area. MDCH has aggressively administered the Shelter Plus Care grant serving more than the originally proposed number of people to be assisted by reallocating and redistributing unspent monies utilizing all of the resources available. The City of Ann Arbor and Saginaw, Oakland, Kalamazoo and Kent Counties are areas that have all received Shelter Plus Care funding directly from HUD.

MDCH also administers the PATH (Projects for Assistance in Transition from Homelessness) program, a Federal block grant program that provides funds for outreach and housing placement for persons with mental illness who are homeless or at imminent risk of homelessness. Services include outreach, case management, and housing placement. The PATH program currently funds 19 projects serving 23 counties across the state serving about 1,500 persons annually.

As a companion to the PATH program, MDCH administers the Housing Assistance Fund, which provides grants to assist persons with mental illness who are homeless or at risk of being homeless in areas not covered by a PATH program. Housing Assistance grants may be used for first month rent and security deposits, utility deposits, or for household goods and for past due rental payments to prevent homelessness. During fiscal year 1999, 97 persons with mental illness were assisted with this fund.

Finally, Michigan Department of Community Health also administers the Federal Housing Opportunities for Persons with Aids (HOPWA) funds for the State of Michigan (except for the Detroit area, which receives funds directly). In FY 97-98, approximately 547 persons received housing assistance through the HOPWA program.

MDCH and MSHDA have partnered to work with Michigan lenders to develop a homebuyer program for persons with disabilities. Called Home Choice, this program loosens underwriting standards to enable persons with disabilities who are receiving entitlements to purchase homes. MDCH also monitors the leases of hundreds of group homes, which provide housing for persons with disabilities some of whom come from homeless situations. MDCH employs several licensed housing quality inspectors.

Homeless Prevention

Financial assistance is available in most Michigan communities to prevent homelessness by paying rent arrears and utilities until the funding runs out. Often funds will be available for only a portion of the year because the demand for such assistance is so great. All areas of the state are covered by a Community Action Agency that provides prevention funding either through a FIA Emergency Services Contract funding, FEMA funds and/or Emergency Shelter Grants (ESG) funds. The Salvation Army and local churches also fund homeless prevention assistance. Annually, MSHDA uses approximately thirty percent of its ESG award to fund prevention.

FIA Emergency Service dollars are used to prevent an individual or family from going into an emergency shelter, assisting an individual or family relocate from a shelter as soon as

possible, or providing needed supportive services to help an individual or family remain in their own home. ES homeless prevention funds housing arrears, and heat and utilities payments to maintain a client in their current residence.

FIA State Emergency Relief funds can also be used to pay for energy services or home ownership services. Low-income households can receive help paying heat and electric costs if their service has been or is about to be shut off. The bill must be for service at the current address (not a past due bill from a previous address). If a family or individual had income during the previous six months, they must have used some of the income to pay on the heat or electric bills.

FIA also administers the Federal Low Income Home Energy Assistance Program which provides assistance to prevent heat and electric shutoffs through the State Emergency Relief program. The Michigan Public Service Commission works with utility companies to protect low-income people and senior citizens from utility shutoff and provides assistance paying utility bills from November 15 through March 31. The Salvation Army also administers a program that pays utility bills.

SUB-POPULATIONS

Chronically Homeless

The 2004 Gaps Analysis documents a statewide point-in-time count of 8,861 chronically homeless in the State of Michigan. While a few of Michigan's larger urban areas have initiated efforts to develop "10 Year Plans", none of the communities or Continuum of Care jurisdictions directly affiliated with the Balance of State Continuum is currently developing a separate strategy to end chronic homelessness. Nevertheless, we have made a commitment at the state level to a) develop interagency collaboration in shaping State-level policies that impact chronic homelessness, b) expand efforts and impact of state-level work group on Institutional Discharge Planning, c) explore potential for developing a state-level "Ten Year Plan" to end chronic homelessness, d) build on the efforts and outcomes of the Michigan Policy Academy on Homeless Families and Children to help structure high-level policy commitments to ending "chronic homelessness", and e) build on the foundation of State participation in other policy academies (e.g., Co-occurring Disorders and Prisoner Re-Entry) to shape policy and practice addressing chronically homeless populations.

Homeless Persons With Mental Illness

The Michigan Department of Community Health (MDCH) funds a network of local community mental health programs (CMHSP's). The Michigan Department of Community Health has implemented a specialty services managed care carve out for mental health (including services for adults with mental illness, children with serious emotional disturbances and persons with developmental disabilities) and substance abuse services.

The FY03 CMHSP's Demographic Summary identified 1.88 percent of the people who receive services from CMHSPs as homeless or in a homeless shelter. This represents about 3,634 people. Since not everyone reports their housing status, it is estimated that an additional 823 people who received services from Michigan CMHSPs may have been homeless in 2003. MDCH provides outreach to homeless persons with mental illness through 40 agencies funded by PATH and Community Mental Health Block Grant funds.

Each local community mental health program uses a Person Centered Planning approach, whereby the needs and wishes of the individual consumer guide a written Individual Plan of Service. Core services provided include: psychiatric services, vocational services, skills training and support in independent living, counseling, alcohol and drug abuse treatment, psycho social rehabilitation, supported education, and other specialized supports as identified by the recipient and delivered in the local community.

Many local communities report problems providing services to persons with mental illness who refuse to receive treatment from traditional community mental health programs, or who have “mild” mental illness, which impairs their ability to live independently, but does not qualify them for services from the local mental health providers.

Homeless Persons With Substance Abuse Addictions

Estimates vary on the prevalence of substance abuse among Michigan’s homeless population, but by any count it is the single largest problem with which homeless people struggle. Many homeless providers estimate that 80 to 90 percent of homeless persons either have a substance abuse problem themselves or have had family support harmed by substance abuse.

The Michigan Substance Abuse Services Network is administered by the Michigan Department of Community Health, Bureau of Substance Abuse and Addiction Services. The Network consists of 15 regional substance abuse coordinating agencies, over 900 local substance abuse treatment and prevention programs, over 4,000 substance abuse workers and thousands of volunteers.

The 15 substance abuse coordinating agencies are called Central Diagnostic and Referral Service (CDRS) centers. The goals of CDR Services are to improve access to the substance abuse system, to provide objective assessments, and to arrange for patient placement in appropriate services. CDR Services conduct phone and face-to-face assessments of clients needing substance abuse services. Individuals in need of residential services or intensive outpatient services that receive state substance abuse funding must be assessed by a CDRS agency before entering these programs. Homeless individuals (8.5% of the population in treatment) typically are found to need residential care or intensive outpatient care coupled with a housing support.

The Michigan Department of Community Health, Bureau of Substance Abuse Services contracts with regional coordinating agencies for planning and administration of substance abuse services within single and multi-county areas. These agencies identify local need and priority for treatment and prevention services and subcontract for the provision of these services.

In addition to contracting with coordinating agencies, the Bureau of Substance Abuse Services plans and coordinates services at the state level; evaluates services; administers funds statewide; collects information; sponsors training; and disseminates educational material.

Homeless Veterans

National studies show that over one-third of homeless individuals have military experience in the U.S. Armed Forces. Michigan has several Federal veterans’ hospitals located in the municipalities of Detroit, Battle Creek, and Iron Mountain. In each of these communities,

homeless veterans make up a significant portion of the number of homeless people. In addition, the communities of Sault Ste. Marie, Marquette, Menominee, Hancock, Muskegon, Yale, Grand Rapids, Gaylord, and Saginaw have U.S. Department of Veteran Affairs' outpatient clinics and outreach programs. Federal Veterans Domiciliary Care Program provides housing and services for homeless veterans in Grand Rapids, Battle Creek, Marquette and Detroit.

Since 1946, each county in Michigan has an office that provides Emergency Needs for Veterans funded through the Michigan Veterans Trust Fund. While there is a yearly cap on the amount of financial assistance, the Trust Fund provides temporary assistance to Michigan veterans including food, shelter, clothing, utilities and medical assistance. Each year the Michigan Department of Military Affairs publishes a directory of services available through the Michigan Veterans Trust Fund and an updated list of the contact information for each county. Applications for assistance in each county are coordinated by a volunteer group entitled the Veterans Trust Fund Committee.

In Detroit, a Veterans Center has been created by the Michigan Veterans Foundation to provide emergency shelter, transitional housing, and supportive services to homeless veterans. The Michigan Department of Career Development also provides displaced veterans with job training and placement through the state Service Members Occupational Conversion and Training Act.

Children

Michigan has seventeen programs funded by the Federal Education of Homeless Children and Youth program authorized by Title VII-- of the Stewart B. McKinney Homeless Assistance Act. A staff person at the Michigan Department of Education is responsible for providing leadership to local and intermediate school districts to ensure that homeless children can attend the same school they did before becoming homeless, or if they have to transfer schools that records follow. Schools cannot refuse to enroll homeless children because of a lack of a permanent address. This staff person from the Michigan Department of Education sits on the Michigan Homeless Assistance Advisory Board and the State Policy Academy on Homeless Families and Children.

The seventeen programs are funded by the Michigan Department of Education with Federal money to eliminate barriers that impede enrollment and educational success of school-age homeless children and youth. The Federal funding usually funds a staff person who works with family shelters to coordinate early child education centers in shelters, coordinate tutoring programs, make sure children are enrolled in school, and to work to eliminate barriers such as transportation, appropriate clothing and necessary school supplies. The grantees of this program meet quarterly for training and coordination of efforts. A representative from the one of the programs is on the Board of the Michigan Coalition Against Homelessness. Representatives from local programs are also very active locally serving on many Continuum of Care planning groups.

Programs are funded in Berrien County, Branch County, Detroit, East Lansing, Genesee County, Grand Rapids, Holland, Macomb County, Marquette-Alger Counties, Mt. Clemens, Muskegon, Pottersville, Rapid River, Saginaw County, St. Clair County, Washtenaw County, and Wayne-Westland.

Homeless and Runaway Youth

Michigan has a network of programs that serve homeless and runaway youth that are funded through both Federal and state funding. Thirty-three programs provide services across the state including counseling to develop independent living skills, case management, emergency shelter, 24-hour crisis intervention, and aftercare/follow up. The objective of these programs is to ensure that youth have an alternative to the street and the juvenile justice system through quality, voluntary, community-based services.

All programs offer 24-hour crisis intervention and referral to appropriate services. The primary goal is to reunite youth with parents whenever possible. Parental permission is required whenever youth are sheltered for more than 24 hours. More and more programs are engaging youth and families in counseling before placement in an emergency shelter or residential program is required. If a parent cannot be located or does not care, work is done with the courts to emancipate the youth.

Funding for Michigan's network of runaway and homeless youth programs in part comes from FIA's Youth In Transition program, which provides funding to 28 community-based agencies that provide services in each of Michigan's 83 counties. Eight programs are specifically funded to serve homeless (vs. runaway) youth. The Federal Department of Health and Human Services funds 18 Basic Center grants, five transitional living programs, and two street outreach programs. FIA provides some matching funds to these agencies. HUD funds three transitional housing programs for homeless youth through the Supportive Housing program in Saginaw, Flint, and Detroit. MSHDA also funds eight of the homeless and runaway programs through its Emergency Shelter Grants program.

The homeless and runaway youth programs in Michigan have for more than twenty years been coordinating among themselves through a voluntary association now entitled the Michigan Network for Youth and Families. Local programs are active members of local Continuum of Care planning groups. The staff person from the Michigan Family Independence Agency responsible for coordinating State support for these programs is an active member of the Michigan Homeless Assistance Advisory Board and the State Policy Academy on Homeless Families and Children.

There are an increasing number of teenagers that are not in foster care or part of the state system of child protective services but that do not have a safe place to live and grow up. Many communities are struggling with how to develop programs that serve this population. The legal issues of serving under age consumers are difficult.

Victims of Domestic Violence and Sexual Abuse

The Michigan Family Independence Agency funds a network of shelters and programs that provides domestic violence and sexual abuse services in each of Michigan's 83 counties. The Domestic Violence Prevention and Treatment Board administratively housed in and staffed by the Family Independence Agency, funds shelter, food, counseling, and advocacy for abused women and children through a statewide network of nonprofit, community-based shelters. The Domestic Violence Prevention and Treatment Board also works with the Rape Prevention and Services Program to improve community responses to domestic and sexual violence by advocating for practices that enhance victim safety and that hold batterers/perpetrators accountable for their criminal behavior.

The Domestic Violence Prevention and Treatment Board was created by the Michigan legislature in 1978. Its seven members are appointed by the Governor with the advice and consent of the Senate. In addition to funding domestic violence service provider agencies, the Board has a statutory responsibility to advise the Governor and the legislature, and to work with other systems to improve the State's response to this crime.

In the last several years, Michigan has made significant progress toward keeping victims of domestic violence and their children safe, while holding perpetrators accountable for criminal behavior. The Board has placed a heavy emphasis on developing and furthering collaborative relationships with our partners in the criminal justice, health care, religious and child welfare systems.

The Board administers state and federal funds to support forty-six local domestic violence agencies in providing emergency shelter, crisis counseling, transportation, information and referral services, and advocacy to adult victims of domestic violence and their children in Michigan. These agencies also work with their local justice, health, and religious organizations to increase community awareness and strengthen their communities' responses to domestic violence.

The Board also administers the STOP Violence Against Women federal grant to support local projects to strengthen the State's response to domestic violence, sexual assault and stalking, through victim services, law enforcement, prosecution and the courts; as well as state level training initiatives.

The Board also trains FIA staff, Child Protective Service workers, police, judges, probation officers, other law enforcement and criminal justice systems staff, Friend of the Court staff, medical practitioners, and other community service providers on domestic violence/homeless issues which in turn generate an outreach network through daily efforts of these partner systems.

Persons with HIV/AIDS

Housing and supportive services are funded through HIV/AIDS providers, which also administer other Federal and state funding for persons with HIV/AIDS. The State of Michigan receives Housing Opportunities for Persons with AIDS (HOPWA) formula grant funding. From 1995-97 MSHDA was the grantee of record with HUD for HOPWA funds and contracted with the Michigan Department of Community Health to administer HOPWA in collaboration with Michigan's Ryan White formula funds. Starting in 1998, the Michigan Department of Community Health became the grantee of record receiving funding directly from HUD.

The Michigan Department of Community Health, Division of HIV/AIDS-STD and the Detroit Health Department administer approximately \$14,902,329 million in state and Federal funding to fund care and services for persons with HIV/AIDS. This funding includes Ryan White Care Act (Title II funds) and state funding through the Michigan Health Initiative. This funding is administered through providers that are responsible for conducting a needs assessment, prioritizing needs for funding and developing a comprehensive plan for their area for HIV/AIDS services. On the state level an HIV/AIDS Care Council meets several times a year to address policy issues and to recommend an allocation model for the HIV/AIDS funding to the Michigan Department of Community Health.

People Threatened with Homelessness

Although no specific data is available, it can reasonably be argued that those Michigan households with extremely low-incomes and bearing a severe cost burden (spending 50+ percent of household income for housing costs) are at risk of homelessness. According to the 2000 SOCDS CHAS data, this represents 52.7 percent of households with incomes below 30 percent, roughly 230,000 households. 137,000 are renters and the remaining 95,000 are homeowners. The state recognizes that it is more effective to prevent persons and families from falling into homelessness than it is to correct the condition after the fact. Accordingly, there are a multitude of state and federally funded programs for prevention activities.

Homelessness by Racial/Ethnic Group

Although no specific data is available, a reasonable proxy can be determined from the persons served by the Emergency Shelter Grant providers. Base on quarterly reports submitted by all current ESG grantees, approximately 5.3 percent of the 48,000 persons (including adults and children) sheltered were Hispanic in the 2004 program year. Approximately 68 percent were White, 28.8 percent were Black/African American, 1.2 percent was American Indian/Alaskan Native, and less than 1 percent were Asian or Native Hawaiian/Other Pacific Islander. Those reporting two or more races accounted for 1.2 percent.

Local Continuum of Care Bodies

Across Michigan, 60 locally based Continuum of Care planning bodies coordinate responses to homelessness in all of the state's 83 counties. MSHDA requires that each community develop a comprehensive Continuum of Care planning process as a condition of eligibility for the State's distribution of federal and state Emergency Shelter Grant funds, as well as other State homeless programs support and funding. In this model, each local Continuum of Care develops a plan that is targeted to needs in its self-identified geographic service area. These plans follow HUD's design and format-including attention to planning structure, participant composition, fundamental service components, gaps analysis, action steps, discharge planning, HMIS implementation, and commitments to ending chronic homelessness and increasing mainstream resource integration.

The Michigan Statewide Continuum of Care has taken on the responsibility for orchestrating a fully coordinated and integrated statewide homeless management information system. Every community, and every established Continuum of Care area in Michigan, has agreed to participate in this collaborative implementation. This comes as a consequence of nearly three years of shared planning, development, and cooperation. Of the 60 established CoC areas in our state (representing all 83 counties), 58 will be utilizing a common data-gathering platform (ServicePoint), and 56 are currently planning on sharing a common server. Two CoC areas (Grand Rapids and Washtenaw) had been operating HMIS systems (using ServicePoint) on their own servers prior to our statewide plan, and while they will continue to operate independently, both have agreed to upload data to the state system on a quarterly basis. Only two communities have invested in use of other software systems, but these two have also committed to quarterly uploads to the Michigan HMIS.

Table 1A

The State of Michigan's homeless needs are specified in the Continuum of Care: 2004 Gaps Analysis Chart, which is substituted, with HUD approval, for the Consolidated Plan Table 1A on the following page.

Homeless Facilities and Services

A complete listing of homeless facilities and services within the State Michigan is included as Appendix 5.

Statewide Continuum of Care: 2004 Housing Gaps Analysis Chart- Statewide TOTAL					
		Estimated Need	Current Inventory in 2004	Under Development in 2004	Unmet Need/Gap
Individuals					
Beds	Emergency Shelter	6,046	4,464	112	1,471
	Transitional Housing	4,290	2,565	498	1,227
	Permanent Supportive Housing	10,527	3,558	531	6,438
	Total	20,863	10,587	1,141	9,136
Persons In Families With Children					
Beds	Emergency Shelter	4,112	3,344	68	700
	Transitional Housing	4,550	3,464	108	978
	Permanent Supportive Housing	6,689	1,421	345	4,923
	Total	15,351	8,229	521	6,601
TOTALS		36,214	18,816	1,662	15,737

Continuum of Care: Homeless Population and Subpopulations Chart					
Part 1: Homeless Population					
		Sheltered		Unsheltered	Total
		Emergency	Transitional		
1. Homeless Individuals		4,798	2,391	9,573	16,679
2. Homeless Families with Children		890	818	1,582	3,290
2a. Persons in Homeless Families with Children		3,104	2,997	6,290	12,391
Total (line 1+2a)		7,902	5,388	15,863	29,070
Part 2: Homeless Subpopulations		Sheltered		Unsheltered	Total
1. Chronically Homeless			2,065	6,796	8,861
2. Seriously Mentally Ill			4,525		
3. Chronic Substance Abuse			6,789		
4. Veterans			2,571		
5. Person with HIV/AIDS			1,940		
6. Victims of Domestic Violence			5,052		
7. Youth			1,616		

C. Special Needs

Elderly and Frail Elderly

This analysis focuses on the housing needs of elderly people, including frail elderly people, with specific reference to supportive services. The 2000 Census provides some detail on housing and income issues of the elderly. Therefore, the analysis of needs for this population is more detailed than that for other special needs populations. Examining housing tenure, housing quality, affordability problems, and income levels, as well as specific types of services required by elderly populations helps clarify the extent to which elderly populations have needs for supportive services.

Housing Tenure, Income and Problems

According to the 2000 census, most Michigan seniors own their homes; of the 795,583 elderly households in the state, 81.4 percent (648,346) owned their housing and 18.5 percent (147,237) rent. Based on the updated CHAS data, it is estimated that of all the elderly households (owner and renter) in Michigan, 60.9 percent are low-income: 17.4 percent had incomes between 0-30 percent AMI; 19.6 percent had incomes between 31-50 percent AMI; and 23.8 percent had incomes between 51-80 percent AMI. Elderly households with incomes over 80 percent AMI accounted for 39 percent of all elderly households.

Elderly renters were far poorer than owners; 82.1 percent of all elderly renters are low-income with 48 percent considered extremely low-income (below 30 percent AMI). Among owners, 55.8 percent were low-income, while 44.2 percent were above 80 percent AMI.

The 2000 Chas data noted that across all income groups, elderly owners generally had lower rates of housing problems and cost burden than other owners. However, the lowest income elderly owners and renters, such as those dependant on SSI, Medicare, or State Disability Assistance (SDA), face a continuing problem with cost burden. According to State record, over 19,000 persons 65 years of age or older received SSI In 2003. The majority of these very low-income elderly lived in metropolitan counties, some 86 percent. These SSI recipients accounted for almost 2 percent of the State's 2000 elderly population. In metropolitan counties, elderly SSI recipients accounted for 1.5 percent of the 2000 elderly population., while in non-metropolitan counties the proportion was slightly less than 1 percent.

The majority of elderly households were low-income and the majority of them were owners rather than renters. Elderly owners and renters both face a problem with cost burden. Given the population shifts within the elderly population cohort, affordable housing for the elderly will continue to be in high demand.

Types of Housing and Services Needed

The number of potentially frail elderly households (head of household aged 75 and over) is 163,705. The 2000 CHAS data notes that almost 30 percent of these households (48520) include an elderly person(s) with mobility or self-care limitations. Mobility or self care limitations is defined as a household were one or more persons has 1) a long lasting condition that substantially limits one or more basic physical activity, such as walking, climbing stairs, reaching, lifting, or carrying and/or 2) a physical, mental, or emotional condition lasting more than 6 months that creates difficulty with dressing, bathing, or getting around inside the home.

The elderly population will continue to increase significantly over the next few decades. The increase in the number of elderly households who may be in need of services linked to housing will place special demands on the state's resources over the coming years.

Similar to other special needs populations, there are various options for providing housing-related services to elderly populations. One is to bring the services to the client in his or her own home; the second is to provide services within the context of a group setting. Remaining independent in their own home for as long as possible is very important for many elderly persons. According to national surveys, 84 percent of persons 65 and older want to stay in their own home. Some providers within Michigan and across the nation are focusing more on home-based assistance that may be less expensive and less intensive than placement in a nursing home.

For a growing number of low-income elderly, when care needs increase and remaining in their home or apartment doesn't work out, the options, other than nursing homes, is limited. The principal types of service required to prevent premature and over-intensive institutionalization include nutrition services, respite, adult day care services, personal care assistance with the activities of daily living (ADL), homemaker assistance, home injury control/environmental modification, transportation, and home maintenance. Supporting elderly people to successfully "age in place" often requires structural changes within their housing unit similar to those needed to assure accessibility for the mobility impaired, such as adding stair lifts or ramps, widening doorways, adding grab bars in showers and tubs, and modification of appliance and electrical controls for easier manipulation. It also requires improved care coordination and support efforts to insure that the right mix of these services is directed to seniors when they need them to extend the period of time they are able to reside in their own home, apartment or group residential setting.

The 16 regional Area Agencies on Aging (AAAs) and a host of local community based agencies provide a continuum of services to Michigan's older persons. A HUD report focusing on housing for the elderly noted that data from 1995 showed that 20 percent of households aged 62 and older contained a person with at least one physical limitation. While only 8 percent of the elderly under 75 have problems with ADLs, this rises to 25 percent for the oldest elderly. Applying the HUD ratios to the 2000 census data provides a rough estimate of the parameters for most of the minimum types of in-home care services that elderly populations require.

Data from the 2000 census reported 1,403,490 Michigan residents aged 62 to 84 and another 106,907 aged 85 years and older. This suggests that a total of approximately 139,000 elderly (112,000 aged 62 to 84 and 27,000 aged 85 years and older) could have required some assistance with ADLs.

Persons with Disabilities

The importance of assuring an adequate supply of housing appropriate to the needs of persons with a variety of physical, mental, sensory, and cognitive disabilities has become an area of growing concern. Participants in the 2004 Special Needs Consultation noted affordability, accessibility, and discriminatory actions as major concerns impeding the ability of persons with disabilities to find suitable housing options. In spite of federal and state programs that attempt to address the housing and service needs of people with physical and mental disabilities, these individuals continue to experience some of the most pressing unmet housing needs of any group qualifying for housing assistance.

The 2000 census notes that 18.7 percent of persons (who were not living in prisons, nursing homes, and other institutions) had some type of long-lasting condition or disability. This is .5 percent higher than in 1990. In 1990, for the first time, the decennial census included questions related to disability status. Based on the responses to these questions, as well as a subsequently-developed model-based methodology devised to proved estimates of the prevalence of specific

disabilities by various levels of geography, it is estimated that 1,708,869 people (18.7 percent of Michigan's non-institutionalized population aged 16 or older) had a disability in 2000. This includes 319,841 (3.5 percent) who had a sensory disability, 758,482 (8.3 percent) who had a physical disability, 475,193 (5.2 percent) who had a mental disability and 246,735 (2.7 percent) who had a self-care disability.

The likelihood of an individual having a disability increases with age. According to the Census 2000 Supplementary Survey for Michigan, just 15 percent of persons 21 to 64 years old had a disability. By age 65 or older, 43 percent of individuals had a disability.

A limitation of these data is that they provide no information on the incomes of those identified as having a disability. While disability, inability to work and low incomes are generally linked, it would be an overstatement to assume that all persons with disabilities are lower income. Data from the state on transfer payments appear to provide a more defensible estimate of the number of persons with disabilities who also have low incomes.

A special tabulation provides data on the number of persons in the State receiving SSI, Medicaid or State Disability Assistance (SDA) in 2003. Some 278,000 persons under 65 years of age received some form of transfer payment. Nearly seventy percent was receiving SSI for the disabled.

Residents of metropolitan counties accounted for 80 percent of the total receiving payments. The proportion of the State's total 2000 population receiving disability transfer payments is nearly 3 percent. This proportion varies only slightly between metropolitan and non-metropolitan counties.

PERSONS RECEIVING DISABILITY TRANSFER PAYMENTS 2003

	SSI-D	MA-D	SDA	TOTAL	Percent of 2000 Population
State	192,288	77,051	9,056	278,395	2.99%
Metropolitan Counties	154,880	60,335	7,357	222,572	2.95%
Non-metropolitan Counties	37,408	16,716	1,699	55,823	3.10%

Source: specially tabulated State report.

Thirty-four counties have a higher than average proportion of disability transfer payments. Lake County has the highest proportion with nearly seven percent of its 2000 population receiving disability payments. Luce, Wayne, Muskegon and Clare counties have four percent of their populations receiving payments.

Persons with Mentally Illness

In 2003, 139,052 persons with mental illness in Michigan accessed the mental health system through CMHSPs. Persons with mental illness do not generally live in specialized residential settings, adult foster care homes, or in hospitals. Most lived in a private setting, many with relatives.

The Michigan Department of Community Health reports that CMHSPs provided services to 139,052 people with mental illness or children with serious emotional disturbances in FY2003. Females accounted for slightly more than half the total. 28,893 (20 percent) were children 17 years of age or younger, 99,310 (71 percent) were 19 to 64 years old, 10,614 (8 percent) were elderly, and 235 did not report their age. 10 percent had some association within the correction system.

Of these people 49,429 (35.55 percent) were living with relatives, 39,570 (28.46 percent) were living with non-relatives, 19,448 (13 percent) were in dependent care or institutional settings,

847(.61 percent) were living in supported independent living, 3,029 people (2.18 percent) were homeless and 26,729 (19.22 percent) didn't report where they lived. 83,638 (60.15 percent) reported less than \$10,000 a year in annual income.

Some people who live with relatives and non-relatives are at risk of homelessness, especially if their incomes are less than \$10,000 per year, because the parents, relatives and friends are not always able to continue to provide the financial, physical and social support that is needed. Another reason they are at risk of homelessness is that the properties they are living in are often unsafe.

Additionally, some people with mental illness who currently reside in specialized, or "dependent" residential settings are capable of living more independently if affordable, safe housing and supportive services were to be available.

People with Developmental Disabilities

In FY03, 34,307 people with developmental disabilities accessed the mental health system through CMHSPs. Males were the predominant gender among the nearly 34,307 people with developmental disabilities who used CMHSP services in 2003, 54 percent compared to 45 percent females. 6,456 (18.82 percent) were children, 25,400 (74 percent) were adults under 65 years of age, 2,444 (7.12 percent) were over 65 and 7 people didn't report their age. Less than 4 percent of people with developmental disabilities were associated with the corrections system. 9,940 (28.97 percent) live in dependent settings, 13,463 (39.24 percent) live with relatives, 5,547 (16.17 percent) live with non-relatives, 3,956(11.53 percent) did not report where they were living, 1,130 were in supported independent living, and 271 (.79 percent) were homeless. 19,003 had incomes of less than \$10,000 per year.

People with developmental disabilities do not necessarily receive services from CMHSPs, so an additional study was required to determine the prevalence of people with developmental disabilities. According to the Michigan Developmental Disabilities Council, estimates, which were derived from federal studies as well as an analysis of prevalence rates, indicate there are between 150,000 and 176,000 non-institutionalized persons with developmental disabilities, (i.e., persons with mental retardation, cerebral palsy, autism or epilepsy) in Michigan. Between 100,000 and 125,000 are adults and it is estimated 10-12 percent are 65 years of age or older.

Some people who live with relatives and non-relatives are at risk of homelessness, especially if their incomes are less than \$10,000 per year, because the parents, relatives and friends are not always able to continue to provide the financial, physical and social support that is needed. Another reason they are at risk of homelessness is that the properties they are living in are often unsafe.

Some people with developmental disabilities who currently reside in specialized, or "dependent" residential settings are capable of living more independently if suitable housing and supportive services were to be available.

Persons with Substance Abuse Problems

It is estimated that one in seven persons statewide may have a substance abuse problem, with 100,000 being 17 or under. Alcohol is the primary substance being abused, followed by cocaine/crack. Males are more likely than females to have problems with substance abuse. MDCH spends \$149 million per year for treatment.

State estimates of the prevalence of substance abuse indicates that as many as one in seven (1.3 million) persons statewide may have a problem with legal or illicit substances. In 2003, over 59,700 people received substance abuse treatment services through MDCH funding. For 75 percent this was their first admission to treatment. About 3,300 were age 17 or under; 618

reported being pregnant at admission. The primary reported substance at admission was 48 percent alcohol, 17 percent marijuana/hashish, 13 percent heroin and 12 percent crack cocaine. 56 percent were unemployed. Approximately 60 percent had some type of Justice System involvement.

Persons With HIV/AIDS

The January 2003 MDCH statistics indicate that 10,833 people reported living with HIV/AIDS. Fourteen counties account for 60 percent of the State's population but 84percent of all HIV/AIDS cases. HIV related mortality is dropping, the number of new diagnosis is stable, and therefore, the number living with HIV/AIDS is increasing.

The 2003 Statewide Distribution of HIV/AIDS Prevalence prepared by the Michigan Department of Community Health, estimates that there are 15,000 people living with HIV/AIDS in the state. 69 percent of them live in the Detroit Metropolitan Statistical area, not served by the state program. The number of persons newly diagnosed with HIV each year was roughly level at about 900 cases between 1998 and 2002.

Currently, persons with AIDS live in every county in the state compared to 10 years ago when 8 of the 83 counties had no reported cases of AIDS. The 13 counties with the highest HIV/AIDS rates per population rates are Detroit and Wayne, Oakland, Kent, Ingham, Genesee, Washtenaw, Kalamazoo, Berrien, Calhoun, Jackson, Allegan, Saginaw and Van Buren counties. These 13 counties account for 84 percent of the people living with HIV/AIDS but only 60 percent of Michigan's population. An undetermined amount of this concentration can be accounted for by the fact the people move toward metropolitan areas for health care as the disease progresses.

Of the total number of persons with reported cases of AIDS, 77.3 percent are males. 57.3 percent are non-Hispanic blacks, while some 36.9 percent are non-Hispanic whites. Persons of Hispanic origin accounted for only 3.9 percent of the reported cases.

Some 41 percent of all of the persons with reported cases of AIDS are between the ages of 30 and 39. 24.8 percent are between the ages of 20 and 29 and another 22.7 percent are between 40 and 49 years of age. 3.6 percent are under the age of 20 and 7.7 percent over the age of 50.

Persons who are HIV positive do not, simply by virtue of having the HIV virus, require special housing. However, some other statistics from the Supplement to HIV/AIDS Surveillance Project from 1990 to 2000 (which interviewed 2,205 people) indicate that they are at risk of homelessness:

- 57 percent had AIDS and 43% had HIV;
- 81percent of males had 12 years of education or more, 64 percent were unemployed, and 51percent had incomes of less than \$10,000 a year in the previous year.
- 59 percent of females had 12 years of education or more, 79 percent were unemployed, and 71 percent had incomes of less than \$10,000 in the previous year.

D. LEAD BASED PAINT

Inventory and Market Conditions Lead Based Paint Hazards. At the present time, data are not available by which to measure the environmental risk to low income households that is posed by exposure to lead based paint. The partial data that are available, however, indicate that this could be a serious problem, particularly for very low-income renter households. At this time it is possible only to use secondary data as indicative of the scope of the problem.

One approach to estimating the scope of the problem is to consider all housing built prior to 1978, when lead based paints were banned, as potentially hazardous locations. Based on the Census estimates of the number of housing units that were constructed prior to 1980, there are almost 3 million units in Michigan in this potentially hazardous category. Of these, roughly 2.5 million are located in the metropolitan counties.

Just over three-quarters of the total number of pre-1980 units are affordable to low income households, according to the CHAS Data Book, Table [*] 9. About 55 percent of these 2.33 million units are affordable to very low-income households. The potential hazard is greatest in the nonmetropolitan counties, where over 83 percent of the half million pre-1980 units are affordable to low income households.

In both the metropolitan and nonmetropolitan counties of the state, low-income renters would appear to face the highest risk factors. Over 94 percent of the potentially hazardous rental units are affordable to very low or other low-income households. In total, renters account for one-third of all low-income households potentially at risk from lead based paint exposure. The renter proportion of those potentially at risk is 36 percent in the metropolitan counties, but only 24 percent in the nonmetropolitan counties.

Lead-Based Paint Hazard Reduction Needs. According to the Michigan Department of Community Health (MDCH), environmental exposure to lead in amounts sufficient to cause illness and neurological damage in children is a significant problem in Michigan. In 2001, 5.5 percent of children under the age of six who were screened for blood lead and the results reported to the state laboratory, were confirmed at or above 10ug/dL. It is estimated that an additional 38,000 children in Michigan are lead-poisoned but have not yet been identified.

In Detroit, the rate is 6.4 percent citywide with several zip codes with rates exceeding 10 percent and one exceeding 18 percent. High rates are not limited to Detroit, however; Grand Rapids has one Zip Code (49506) with a rate of 7.1 percent and several others above 4 percent. Smaller cities such as Flint, Saginaw, Muskegon, Benton Harbor and Kalamazoo have overall high rates as well, and nonmetropolitan areas show rates that are consistently above the national average.

Any housing built prior to 1978 is considered to be at risk of containing some amount of lead-based paint, and the amount of lead pigment in the paint tends to increase with the age of the housing. Consequently, children of very low- and low-income households, who tend to reside in older housing, are disproportionately at risk of lead poisoning.

Large numbers of housing units were built in Michigan after World War II within and around Michigan's industrial cities. As these units have aged, they tend to be occupied

by higher numbers of low-income families. Michigan has 2.97 million housing units built before 1980; of these, low- and very low- income families occupy 2.34 million, or 79 percent. As this housing gets older, it is even more likely to be occupied by these families; over 85 percent of housing built before 1960 is occupied by low- and very-low income households. Consequently, children in these households are a disproportionate risk of lead poisoning. As shown in the table below, approximately 1.8 million low- and very low-income households are estimated to be living in units containing lead.

Year Built	Number of Very Low- and Low-Income Housing Units	Percentage of Housing Units with Lead-Based Paint ¹	Estimated Number of Very Low- and Low-Income Units with LB Paint
1960-1979	858,484	62%	532,260
1940-1959	873,926	80%	699,141
Pre-1940	603,916	90%	543,524
Total			1,774,925

Not all of these units are hazardous to residents, but all of them pose potential hazards to children if lead-based paint is allowed to become exposed or to peel. Protection of these children requires continued assurance that housing meets relevant housing quality standards.

The Michigan Department of Community Health (MDCH) has been administering a lead poisoning prevention program for over 20 years. The Childhood Lead Poisoning Prevention (CLPPP) project is a statewide surveillance and primary prevention project that includes screening and follow-up of identified lead poisoned children and extensive public and professional education. According to CLPPP statistics, it is estimated that approximately 38,600 children under the age of six have elevated blood levels in Michigan.

Resources to Address Lead-Based Paint Hazards

a. Interagency coordination. The Michigan Department of Community Health (MDCH) administers the Lead Hazard Remediation Program (LHRP) and the Childhood Lead Poisoning Prevention Program (CLPPP). These programs work in close collaboration with other state departments to meet the goal of protecting and preserving human health, primarily in young children less than six years of age, from the dangers of lead-based paint exposure. These state departments include the Michigan State Housing Development Authority (MSHDA), the Family Independence Agency, and the Department of Environmental Quality. MDCH has also developed working relationships with 44 local health departments within Michigan. Collaboration has resulted in coordinated efforts between MSHDA and MDCH to assure safe housing for children living in Section 8 housing administered by MSHDA. Using data supplied by MSHDA, CLPPP identifies EBL children living in Section 8 housing. Upon notification from

¹The percentages in the table are derived from Comprehensive and Workable Plan for the Abatement of Lead-Based Paint in Privately Owned Structures. This source was recommended by HUD.

CLPPP, MSHDA works with the landlord to ensure that lead hazards are identified and remediated if needed.

While MCDH has been administering a lead poisoning prevention program for more than 20 years, until 1994 the effort has been predominantly focused on lead screening performed in the Early and Periodic Screening, Diagnosis and Treatment Medicaid screening clinics. In 1994, MDCH partnered with the Medicaid program to enable local health department nursing and environmental health staff to complete home visits to assess the physical status of lead poisoned children and identify and make recommendations for addressing lead hazards to which the child was being exposed.

Protocols for home inspection, health assessment and follow-up activities were developed to assist in the management of Medicaid-enrolled children who are lead poisoned. These services are now provided by most county health departments, with two environmental health and two home nursing visits funded by Medicaid.

In 1998, only 16 percent of the homes of children who were identified as being lead-burdened (blood lead levels ≥ 10 ug/dL) had their homes remediated. 84 percent of the children continue to live in the same homes with unaddressed lead hazards. Because of this, in 1999 CLPPP began developing collaborations with housing authorities and landlords to develop strategies to assist in making children's housing lead-safe if not lead-free. CLPPP collaborated with the MDCH Lead Hazard Remediation Program and Community Development Block Grant administrators to implement the HUD guidelines regarding lead based paint hazard identification and remediation.

b. Community Resources. CLPPP has developed a relationship with the Rental Property owners Association of Michigan. A work group has been established to educate landlords and tenants about the dangers of lead and clean up options, ranging from housekeeping techniques to full-scale abatement. CLPPP and LHRP staff also collaborates with financial institutions to develop low interest loans to remediate homes. The programs are exploring the feasibility of a low interest loan program targeting low and moderate-income homeowners and landlords.

c. HUD Lead Abatement Grant. The Michigan Department of Community Health (MDCH) received a \$3 million grant from HUD for efforts related to reducing lead hazard in residential homes in Muskegon, Flint, and Lansing. MDCH is collaborating with MSHDA, local health departments and community based organizations to identify, screen and inspect high risk housing and to remediate identified lead hazards. Legislation to establish a certification program for lead professionals has been passed. A 2003 grant for \$372,000 from the Environmental Protection Agency allows the state to train qualified professionals to perform lead abatement activities, address abatement needs in high-risk areas, and establish infrastructure of ongoing identification and abatement of lead hazards.

It should be noted that the City of Detroit Housing Commission and the City of Grand Rapids have directly received a HUD Lead Abatement Grant. The HUD program, sometimes in conjunction with outside monies, provides the necessary funds to abate homes.

d. Changes in Michigan Law. In December 2002, amendments to the Lead Abatement Act were signed into law to comply with the Environmental Protection Agency's requirements regarding notifications, definition clarifications, enforcement actions, and the addition of the "Clearance Technician" discipline. In September 2004, changes to administrative rules were adopted to reflect compliance with the amendments in the Lead Abatement Act, the addition of the "EBL Investigator" discipline and associated protocol, and clarification of Michigan related requirements resulting from HUD regulations and their interpretations.

IV. Housing Market Analysis

A. General Characteristics

This section of the Consolidated Plan examines several important housing indicators. These indicators include supply, tenure, vacancy rates, affordability, and indicators of housing quality. This section is based on the most recent data available from the 2000 Census.

Housing Supply

The 2000 Census reports that Michigan had 4,234,279 housing units-371, 218 more than were present in 1990. This marked an increase of almost 10 percent for the decade. The number of households in Michigan rose by 10.7 percent, or more than 350,000 during the 1990s. This disparity in household formation versus housing units indicates a somewhat tighter housing market in 2000 than existed in 1990. Household growth in Michigan's non-metropolitan counties averaged 16 percent, compared to a growth rate of less than 10 percent in the metropolitan areas.

Increase in Housing Units and Households 1990-2000

Area	Single Family	Single Family Manufactured	Multi-Family	Total Units	Households
Metropolitan Counties	261,266 12.1%	22,966 17.9%	19,461 2.9%	303,693 10.3%	272,632 9.6%
Non- Metropolitan Counties	54,835 8.0%	8,034 6.8%	4,656 5.3%	67,525 7.6%	93,698 15.9%
State Total	316,101 11.2%	31,000 12.6%	24,117 3.2%	371,218 9.7%	366,330 10.7%

In 2000, about 70 percent of all Michigan units were single-family homes, the same proportion as in 1990. Fewer than one in twenty units were located in multi-family structures with ten or more units. In contrast, nationally one of every eight dwellings is in a ten plus structure.

In 1990 there were some 246,000 mobile homes in Michigan, representing 6.4 percent of the total. This figure increased slightly during the 1990s, to 277,000. Mobile homes' relative share fell to 6.1 percent. Nationwide, mobile homes represent 7.6 percent of the housing stock.

The Michigan housing stock is somewhat older than the national average. One in six Michigan units were built before 1940. Nationally, fewer than one in seven units were this old. The median age of Michigan's housing is 36 years. The proportion of units built before 1940 is almost 21 percent in the non-metropolitan counties, in contrast to less than 16 percent in the metropolitan areas.

The Michigan housing stock generally provides basic services. Fewer than one in 200 units lack complete plumbing (0.45 percent of occupied units) and complete kitchen facilities (0.47 percent). This is below the national average of 0.58 and 0.62 percent for plumbing and kitchen facilities, respectively. About three percent of occupied units have more than one person per room, well below the 5.8 percent of units that were overcrowded nationally.

Vacancy Rates

The available vacancy rate in Michigan in 2000 was 5.1 percent. This represents a slight decrease from the 1990 figure, as the number of households rose more rapidly than the number of new homes built. Michigan's vacancy rate is below the national available vacancy rate of 5.9%.

The renter vacancy rate is generally higher in the non-metropolitan areas of the state. As is usually the case, homeowner vacancy rates tended to be much lower than were those for rental units. They ranged from a high of 11.6% in Ogemaw County to a low of 1.1% in Bay County. In general, homeowner vacancy rates for metropolitan areas were below the statewide rate of 1.6% and non-metropolitan rates exceeded the statewide rate.

More than half of Michigan's vacancies in 2000 were in units held for seasonal occupancy. The number of second or recreational homes in Michigan; some 234,00 is the highest of any state in the nation.

Tenure

In 1990, owner households held 70.9 percent of all occupied units; renter households accounted for the remaining 29.1 percent. The 2000 Census reported that homeownership in Michigan has reached 73.8 percent, one of the highest proportions in the nation. In non-metropolitan counties, four out of every five households are owner occupants. Even in Michigan's metropolitan areas, 72 percent of households are homeowners.

Housing Tenure Change 1990-2000

Area	% Owners		% Renters	
Metropolitan	1990	69.7%	1990	30.3%
	2000	72.4%	2000	27.6%
Non-Metropolitan	1990	77.0%	1990	23.0%
	2000	79.9%	2000	20.1%
State Total	1990	70.9%	1990	29.1%
	2000	73.8%	2000	26.2%

The 2000 Census reported that 87 percent of owner household were white, 8.9% Black, 1.6 percent Hispanic, and less than 1 percent Asian, Pacific Islander and Native Americans. These rates reflect a slight increase from 1990 for Black and Hispanic owner households when the rates were 8.7 percent and 1.1 percent respectively. White owner households decreased slightly from 89 percent in 1990.

Less than two-thirds (62.5%) of the occupied units contained three or more bedrooms. Twenty-six percent had two bedrooms. Housing units with 1 or fewer bedrooms account for just over eleven percent of the occupied housing stock.

Over ninety percent of the occupied units with three or more bedrooms were owner occupied. Forty-six percent of the occupied two or less bedroom units were owner occupied; fifty-four percent were renter occupied. Over eighty-two percent of these small related occupied units are rented. Owner occupied units with no more than one bedroom represent less than three (2.5%) percent of all owner occupied units, but over one-third (35.8%) of the renter occupied units.

The total number of occupied housing units in the metropolitan counties of Michigan is just over

three million. Of these, 847,350 are occupied by renters and 2,229,386 by owner occupants. About 1 of every 8 housing units in the metropolitan counties has zero or 1 bedrooms. Of the 368,265 units of this size, eighty-five percent are renter occupied. There are just over 55,000 owner occupied small units in these communities.

Two bedroom units make up twenty-five percent of the total supply in the metropolitan counties. Of these, fifty-six percent are occupied by owner occupants and forty-four percent are renter occupants. There are over twice as many housing units in the metropolitan counties with 3 or more bedrooms as there are 2 bedroom units, about 1.9 million. Of these large units, only about 190,000, or ten percent, are renter occupied. The 1.7 million owner occupied large units represent eighty percent of all owner occupied units in metropolitan counties.

The total number of occupied housing units in the non-metropolitan counties of Michigan is 708,925. Of these 563,960 are owner occupied and 144,965 are renter occupied. The owner occupancy rate of 80 percent is a significantly higher proportion than in the metropolitan counties.

About seven of ten of the occupied two bedroom units in the non-metropolitan counties are owner occupied. There are 59,000 renter occupied units of this size and nearly 140,000 owner occupied. 352,000 of the 395,000 occupied units with three or more bedrooms are owner occupied. The 43,000 three bedroom or larger rental units represent only eleven percent of the total.

Data for 2000 is not available on the vacancy rates of owner and renter units according to the number of bedrooms. Previously available data (1990) indicated that for both owner and renter units that the lowest vacancy rates prevailed among the three or more bedroom units (0.9 percent for owner and <5 percent for renter) followed by two bedroom units (2.1 percent for owner and 7.7 percent for renter). One bedroom units had the highest vacancy rate (3.5 percent for owner and 8.5 percent for renter). This data confirmed one aspect of the 1990 CHAS data. Other than cost burden, the biggest problem for renter households occurred in the large family category.

Substandard Housing

The state's metropolitan areas contain the majority of the state's occupied housing, 81.3 percent of it in 2000, and while they contain most of the pre-1940 housing this was significantly below the metropolitan area's share of the total housing stock. What this means is the non-metropolitan areas held a disproportionate share of the state's oldest housing, while the post-1940 housing reflected the decades long development of Michigan's expanding metropolitan areas.

Number and Percent of Total Occupied Substandard Units in 2000

Area	Occupied Units	Units Lacking Complete Plumbing	Units Lacking Complete Kitchen	Pre-1940 Units
Metropolitan	3,076,736 81.3%	12,984 76.5%	14,068 78.8%	521,629 72.9%
Non-Metropolitan	708,925 18.7%	3,987 23.5%	3,776 21.2%	193,830 27.1%
State Total	3,785,661 100%	16,971 100%	17,844 100%	715,459 100%

In 2000 only 0.45 percent of occupied units lacked complete plumbing and 0.47 percent lacked complete kitchen facilities and 18.9 percent were built before 1940. Only 0.42 percent of the

metropolitan market lacked complete plumbing, 0.45 lacked complete kitchen facilities and 16.9 percent were built before 1940. Rural Michigan had relatively higher inventories of housing lacking complete plumbing, kitchen facilities or built before 1940. The potential housing quality problems in the non-metropolitan housing markets are somewhat disproportionate in comparison to their share of the state's overall occupied housing.

Housing Quality Indicators in 2000

Housing Quality Indicator	State Total	Metropolitan	Non-Metropolitan
Occupied Units	3,785,661	3,076,736	708,925
Units Lacking Complete Plumbing	16,971 0.45%	12,984 0.42%	3,987 0.56%
Units Lacking Complete Kitchen	17,844 0.47%	14,068 0.45%	3,776 0.53%
Pre-1940 Units	715,459 18.9%	521,629 16.9%	193,830 27.3%

HUD recognizes overcrowded units as a measure of housing distress. In Michigan, comparatively few households live in overcrowded conditions, 2.7 percent of all occupied units. The percentage of 1.01 to 1.5 persons per room is 1.8 percent in Michigan and the percentage of 1.51+ persons per room is only 0.9 percent.

Housing Demand

This portion of the market analysis focuses on several aspects of the demand for housing that is both affordable and appropriate to the needs of lower income households. Because higher income households may choose to occupy units that would be affordable to households with lower incomes, the existence of affordable units does not assure that they will always be available. In local markets where demand for all housing is particularly high, lower income households may be particularly disadvantaged in competing for a share of the available housing resource.

Affordability of Rental Units

In Michigan, comparatively few households live in overcrowded or substandard units but households that are cost-burdened are a significant concern. Despite Michigan's affordable housing supply, renters, particularly those with incomes below 50 percent of the area median income, persons dependent on SSI, or earning the minimum wage, face enormous housing costs.

In Michigan, 28 percent of renter households pay rents over 35 percent of household income. The range in households with this cost burden is from a low of 18.6 percent in Michigan's thumb area and 19.3 percent in the south-central area to 32 percent in the Ann Arbor/Ypsilanti area and 31.7 percent in the Flint area.

According to the 2003 American Community Survey Summary Table from the U.S. Census, the median household income in Michigan was \$55,018. In 2000, 7.4 percent (192,376) of all Michigan families were in poverty. The gross median rent for the state's 940,000 rental units is estimated to be \$546 by the Census. Gross median rents ranged from \$352 in the Western Upper Peninsula to \$701 in the Oakland/Lapeer area and \$686 in the Ann Arbor/Ypsilanti area. Fewer than 100,000 units rent for less than \$300 a month.

HUD develops annual estimates of "Fair Market Rents". These rents, derived from a survey of

the local rental housing stock, represent the cost of securing adequate housing. Using the FMR for a two-bedroom unit as a benchmark, the average figure for Michigan is \$642 a month. For individual markets, the FMRs ranged from \$441 in non-metropolitan counties to \$765 in the Ann Arbor metropolitan area.

According to the National Low Income Housing Coalition paper Out of Reach 2003, an individual holding a minimum wage job (paying \$5.25 an hour) would have to work over 65 hours a week to afford a two-bedroom unit in the least expensive counties in Michigan. At the statewide average FMR, two minimum wage workers working full time would not have sufficient income to afford this unit.

While all lower income households face challenges in locating affordable rental housing, for some populations affordability has become the most critical housing concern. The homeless, persons with disabilities or seniors dependant on SSI, and minimum wage workers generally, have extremely high rent burdens in every region of the state.

About 18 percent of the non-institutionalized population has some disability according to the 2000 census. Over twelve percent of the population has severe disabilities. The employment rate for persons with disabilities is lower than the comparable rate for the non-disabled population, contributing to the lower income levels of persons with disabilities. State level poverty data confirms this point. The poverty rate for the non-institutionalized population with a disability stood at 16.1 percent, nearly twice the level reported for the non-disabled population.

Affordability of Owner Units

Over the past few years, thanks in large part to lowered interest rates; homeownership became more affordable to lower income households. From 1990 through 2001, the national median sales price of an existing home increased nationally by 54.5 percent, slightly faster than the 53.1 percent increase in median family incomes. The National Association of Home Builders Housing Affordability Index increased during this period from 109 to 143. The 2001 figure represents the highest annual figure since 1973.

Based on data from the American Housing Survey, it has been estimated that almost 19 million renter households are unable to afford the purchase of a modestly priced home. In Michigan, this represents an estimated 70,000 households who could not afford to purchase a home priced at half the statewide median (about \$65,000). While income is an important factor, most of those unable to buy also lack the ability to afford downpayment and closing costs.

In addition, the supply of affordable homeownership units is limited and decreasing. National data indicate that the supply of affordable units for owner occupancy is declining. While some 44 percent of all owner occupied units are affordable, only 30 percent of units produced between 1997 and 1999 were considered to be in this category.

In Michigan, the census reports that more than 400,000 homeowners spend more than 30 percent of their income on housing costs. This represents 17.5 percent of all owner occupied units. One of every eight homeowners spends more than 35 percent of their income on housing costs. While most of these cost burdened owner households have a mortgage on their home, more than 85,000 have a high cost burden without a mortgage.

Data on mortgage delinquencies reflect a sharp upward movement recently. Past due mortgages have increased from 3.97 percent of all mortgages in 1999 to 4.65 percent in the first quarter of 2002. Mortgage defaults (90 days past due) rose from 0.56 percent in 2000 to a

seasonally adjusted rate of 0.78 percent in the fourth quarter of 2003. Foreclosures initiated have also increased during the same period, from 0.29 to 0.35 percent of all mortgages.

In part, this increase may also be related to the rapid increase in the number of sub-prime loans, which are most common among women and minority borrowers, as well as in underserved areas. In 1999 sub-prime loans accounted for 19 percent of refinancing and 6 percent of home purchase loans. These loans are likely to be particularly vulnerable during economic slowdowns.

Despite these negative signs, home prices continue to increase. From a median price of \$107,900 in 1990, new single family home prices in the Midwest rose to \$177,800 in 2002. The average price of a home in some markets of the state, for example Washtenaw and Livingston counties, make affordability for a first time homebuyer a persistent concern.

Matching Household Needs to Housing Units

The 2000 census did not provide data comparable with the 1990 census that would allow a refined estimation of the potential availability of units with one or fewer bedrooms, two bedrooms, and three or more bedrooms with the number of lower income elderly, small-related, and large-related households. Even without vacancy data by unit size, however, the following table establishes a rough picture of the fit between households and appropriate housing units. Because households may occupy units that exceed their minimum need for bedrooms, this approach can only approximate possible gaps in supply versus demand for appropriately sized units. The assessment presumes that units with 0-1 bedrooms can appropriately accommodate elderly households (1-2 persons). Small related households (2-4 persons) require two or more bedrooms. Large related households (5+ persons) require units with three or more bedrooms.

Renter Households by Type and Income/Housing Units by Unit Size

Percent of Median	Elderly	Small Related	Large Related	Occupied 0-1 BDRM	Vacant 0-1 BDRM	Occupied 2 BDRM	Vacant 2 BDRM	Occupied 3+ BDRM	Vacant 3 BDRM
	62,175	78,920	20,475	79,460	N/A	63,050	N/A	67,135	N/A
31-50	42,554	60,695	16,215	146,090		181,570		96,035	
51-80	30,599	78,695	19,660	110,985		142,565		58,015	
Total	135,328	218,310	56,350	336,535		387,185		221,185	

As indicated by the shaded areas on the above table, the most apparent mismatch between renter households and suitable units appears among the lowest-income renters for one and two bedroom units. In the large related and all other income groupings, the potential fit between households and possible housing units is much better. Although the data does not permit an assessment of the incomes of the households actually occupying these potentially appropriate and affordable units, the higher ratio of units to households suggests that more opportunities may be available.

Owner Households by Income

Percent of Median Income	Elderly	All Other Owners	Owner-Occupied Units with Mortgage Affordable at Income Level
0-30	86,920	100,795	N/A
31-50	124,478	117,619	647,838
51-80	172,698	289,028	736,425
Total	384,096	507,442	1,384,263

There appears to be an adequate supply of affordable housing for owners in the two highest income groupings. Data is not available for the lowest-income owners but based on the Michigan State Housing Development Authority's Single Family Program experience, suitable, affordable housing for purchase by the lowest-income group is difficult to find. As stated previously, households with higher incomes may occupy these affordable units.

Future Market Trends

Demographic changes will have an effect on the Michigan housing market in the future. An expected gradual decline in household size will continue to contribute to increasing housing demand. Changes in household composition (both the number of persons and the presence of children) will affect the nature of the housing that is in demand.

Population projections for the year 2025, prepared by the Michigan Department of Transportation anticipate that the total Michigan population will increase to 11 million by that date. Shifts in the age structure of the state indicate that the net increase in the population aged 25-44 will occur in the younger half of the age bracket, those aged 25-34. Traditionally this population sector has favored renting over homeownership. The population under 25 will grow at an even faster rate. Because of the population trend, overall demand for rental housing, especially affordable rental housing may exceed the demand of the last decade.

Another future factor is the ongoing loss of affordable rental housing resulting from prepayments, opt-outs, and other causes that appear likely to keep the affordable rental market tight for the rest of the decade. According to a paper by John T. Metzger, Michigan's Affordable Housing Crisis, "The expiration of project-based subsidies is accelerating. The subsidies for more than one-third of the multi-family housing units in Michigan with project-based Section 8 assistance were slated to expire during fiscal year 2000. In all, more than half of the subsidized units in the state are scheduled to expire by 2005."

The elderly population will see significant changes. In recent years, the elderly sector of the housing market has been increasing rapidly. National figures suggest that the number of persons over the age of 65 will increase by over half by 2020, and double by 2050. The rate of increase in the number of persons over age 75 will be even greater. Michigan is expected to follow these trends.

Five-Year Projections

In general, no significant changes are expected in the scope or distribution of housing in the State of Michigan over the next five years. The Priority Needs Summary Table, Table 2A, located on the following page, identifies the priorities and the estimated units to address over the next five years. Community Development needs for infrastructure and economic development are shown on page V-40.

PRIORITY HOUSING NEEDS (households)		Priority Need Level High, Medium, Low		Unmet Need	Goals
Renter	Small Related	0-30%	H	64,872	
		31-50%	H	36,295	
		51-80%	M	16,132	
	Large Related	0-30%	H	18,632	
		31-50%	H	10,815	
		51-80%	M	8,473	
	Elderly	0-30%	H	36,435	
		31-50%	H	23,277	
		51-80%	M	10,281	
	All Other	0-30%	H	67,065	
		31-50%	H	39,650	
		51-80%	M	19619	
Owner	0-30%	H	136,093		
	31-50%	H	111,364		
	51-80%	M	138,519		
Special Needs	0-80%	M	20,000		
Total Goals					
Total 215 Goals					
Total 215 Renter Goals					
Total 215 Owner Goals					

Assisted Housing Availability

The Michigan State Housing Development Authority maintains a [Subsidized Housing Inventory](http://www.mshda.info/housing) available on-line at the following link:

<http://www.mshda.info/housing>

The inventory includes all assisted multi-family housing developments by name and county within the State of Michigan. The list identifies contact information and the number of units, by bedroom size; and whether the development is designated family or elderly.

The following table details the approximate inventory of Section 8 and Public Housing units made available through local public housing offices and MSHDA. Despite the significance of this source of housing affordable to lower-income Michigan residents, the waiting lists are very long. There are 6,403 households on MSHDA's waiting lists statewide and thousands of households were on waiting lists maintained by locally administered Section 8 programs. Waits could range from months to many years. In some cases, waiting lists were closed because no additional units were available or likely to become so.

Inventory of Public Housing and Section 8 Units by Housing Authority

Authority	Low Rent Units	Section 8 Units	Total Units
Benton Harbor HC	370	128	498
Bessemer	90	0	90
Iron Mountain	102	0	102
Albion	220	0	220
Wakefield	30	0	30
Bronson	50	0	50
Ironwood	150	0	150
Baraga	50	25	75
Reed City	101	90	191
Greenville	89	107	196
Belding	140	0	140
Cheboygan	38	120	158
Muskegon Heights	349	50	399
Benton Twp.	300	75	375
Battle Creek	413	415	828
Sault Ste Marie	264	50	314
Jackson	553	456	1,009
Big Rapids	287	0	287
Ontonogon	60	0	60
Saint Joseph	107	0	107
Grayling	88	130	218
Manistique	60	59	119
Baldwin	86	180	266
Laurium	29	0	29
Coldwater	100	25	125
Calumet	98	0	98
Lansing	834	1,427	2,261
Cadillac	125	25	150
Saint Louis	80	155	235
Hancock	104	40	144
Muskegon	195	164	359
Negaunee	80	0	80
Sturgis	71	0	71
Marquette	253	50	303
Stambaugh	38	0	38
Grand Rapids	447	2,271	2,718
Mount Pleasant	123	50	173
Niles	180	0	180
Gladstone	102	0	102
Manistee	218	0	218
Traverse City	139	198	337
South haven	129	0	129
Escanaba	175	0	175
Boyne City	80	60	140
Menoninee	127	61	188
Paw Paw	81	0	81
Iron River	31	0	31
Kingsford	69	0	69
Rockford	52	90	142
Munising	74	25	99
Ishpeming	127	0	127
Authority	Low Rent Units	Section 8 Units	Total Units
Hillsdale	60	0	60

Lake Linden	65	0	65
Houghton	70	0	70
L'ANSE	34	0	34
Ewart	109	25	134
Wyoming	197	981	1178
Elk Rapids	20	0	20
Ionia	110	20	130
East Jordan	28	0	28
Iron County	123	169	292
Dowagiac	86	115	201
Alma	94	64	158
Saranac	89	0	89
Luce County	0	110	110
Mackinaw County	48	0	48
Pottersville	24	25	49
Ingham County	89	100	189
Schoolcraft	64	35	99
Bangor	44	0	44
Charlevoix	62	0	62
Middleville	50	0	50
Montcalm County	40	318	358
Rapid River	24	0	24
Covert	40	0	40
Hermansville	24	0	24
Bath Charter	30	25	55
Grand Ledge	0	25	25
Kent County	0	330	330
Detroit	4,391	5,528	9,919
Dearborn	333	96	429
Hamtramck	450	0	450
Pontiac	431	468	899
Saginaw	605	1141	1,746
Ecorse	199	0	199
River Rouge	300	114	414
Flint	1,248	963	2,211
Monroe	293	0	293
South Lyon	15	0	15
Alpena	195	0	195
Bay City	562	50	612
Ypsilanti	188	197	385
Inkster	858	240	1,098
Mount Clemens	288	0	288
Wayne	76	0	76
Royal Oak Twp.	128	0	128
Roseville	103	309	412
Port Huron	444	458	902
Clinton Twp.	100	23	123
Eastpointe	164	131	295
Plymouth	108	1386	1,494
Melvindale	199	134	333

Authority	Low Rent Units	Section 8 Units	Total Units
Lincoln Park	118	308	426
St. Clair	61	30	91
Allen Park	62	0	62
Livonia	151	752	903
St. Clair Shores	251	90	341
Ann Arbor	361	1175	1,536
Romulus	100	0	100
Rogers City	38	0	38
Rockwood	51	0	51
Taylor	111	406	517
Gladwin City	70	0	70
Ferndale	167	95	262
Southfield	0	150	150
Luna Pier	102	0	102
Lapeer	60	20	80
East Tawas	41	0	41
Highland Park	210	0	210
Algonac	70	0	70
Westland	0	627	627
Redford Twp.	0	258	258
Dundee	75	0	75
Bedford Twp.	97	0	97
Sterling Heights	153	40	193
Dearborn Heights	0	359	359
Marysville	132	0	132
Royal Oak	0	222	222
Bay County	100	0	100
New Haven	88	0	88
Madison heights	0	287	287
Caseville	47	0	47
MSHDA	0	21,471	21,471
TOTALS	24,176	46,396	70,572

B. Barriers to Affordable Housing

1. Relevant Public Policies

In the late 1980's, both the Michigan Senate and the House of Representatives released studies¹, which indicated that many governmental regulations regarding the production and preservation of safe, sanitary, and affordable housing were actually working contrary to that goal.

There are several reasons why such regulatory barriers were formed. Some are the result of the passage of time and the advent of new technologies, which have made certain regulations obsolete. Some are due to local efforts to keep out certain types of housing, while others are due to the increasingly complex bureaucratic system this nation has developed over the course of the twentieth century. Regardless of the reason for their formation, regulatory barriers to affordable housing must be eliminated if government is to effectively ameliorate the housing needs of our state.

This report will describe some of the more serious regulatory barriers facing affordable housing in Michigan.

a. Zoning. Many local zoning ordinances serve valid public purposes. When properly used, they help promote health, safety, and welfare by ensuring that contiguous plots of land are used for compatible purposes. For example, zoning can insulate peaceful residential areas from the noise, congestion, and harmful emissions of business and industrial districts.

However, localities may use their zoning authority to protect parochial interests at the expense of affordable housing. Some communities practice zoning policies intended to increase local tax revenues, permitting only expensive new homes or highly taxable businesses. Communities frequently use their zoning power to impede the introduction of lower income units including mobile homes in their area, often due to fear of reduced property values or simple prejudice against the "undesirable" lower income people who will reside in those units. Other communities want to discourage growth of any kind, preferring instead to maintain the status quo. Several specific zoning policies can be identified which act as serious barriers to affordable housing:

i. Excessive Lot Size. Some communities require that new homes be constructed on unnecessarily large plots of land. Obviously, the larger the lot, the greater the price -- low to moderate-income prospective homebuyers usually cannot afford the extra expense of excessive land costs.

ii. Exclusion of Certain Types of Housing. Communities often eliminate affordable housing options by disallowing some of the most affordable types of homes such as mobile homes. Some communities do not allow accessory apartments on single-family homes. In most cases, there is no

¹"Housing in Michigan: Low Income and Senior Citizen Families in Crisis," State Human Resources and Senior Citizen Committee, Lansing, 1988, and "Report of the Ad Hoc Special Committee to Study Housing Conditions in the State of Michigan," Michigan House of Representatives, Lansing, 1987.

real health or safety goal being promoted by these ordinances -- communities are inappropriately using their zoning power to keep out housing types they find unappealing.

iii. **Excessive Infrastructure.** Some localities impose infrastructure requirements, which unnecessarily inflate the cost of the housing units. The Michigan Senate Report on Housing states that excessive infrastructure requirements like unnecessarily wide streets, over specified sidewalks, and expensive storm sewer systems often inflate the cost of housing without providing commensurate benefit to the individual or the community.

b. **Building Codes.** Although there is a definite need for some minimum requirements and specifications for new construction to ensure the health and safety of inhabitants, excessive restrictions may unnecessarily raise the cost of house, making it unaffordable for low, very low, and moderate-income households. Also, newer technology has rendered some requirements of the building code obsolete.

c. **Building Permits.** Delays in construction due to redundant, overlapping permitting and approval processes can cause projects to go over budget -- a situation which impacts negatively on affordability for the future owners or renters of that property. Streamlining the permitting process to make it as fast and efficient as possible will enable developers to produce units at a lower cost; the competition inherent in the free market should ensure that those savings are passed on to the housing consumer.

d. **Tax Reverted Properties.** Every year, hundreds of housing units - mainly in Michigan's urban centers - are forfeited to local governmental units due to non-payment of taxes or other fees. These units could help remedy the lack of affordable housing in large cities; however, the process of converting a tax-delinquent property into available new housing stock often takes too long to be effective. When left uninhabited and untended for a long period of time, minor repairs needed on a home can become major problems, which render the house uninhabitable.

e. **Regulatory Paperwork.** As pointed out in the HUD report on regulatory barriers, excessive and redundant paperwork can cause housing projects to be delayed, increasing the cost of the units. While the Federal Office of Management and Budget (OMB) has been effective in streamlining paperwork required to be submitted to federal agencies, it lacks jurisdiction over federally mandated paperwork and forms which are maintained in the work place. Michigan joins the HUD committee in commending that Congress grant OMB the authority to regulate non-submitted paperwork in addition to their current responsibilities.

2. Strategy to Address Negative Effects

Although it will not conduct a separate study during the next five years to identify additional barriers beyond those contained in this report, the state will continue its efforts to reduce barriers to affordable housing on a program-by-program basis. Real progress has been made in the following areas:

- **Building Codes.** In December 2003, Michigan passed the Michigan Rehabilitation Code for Existing Buildings. The State of Michigan has identified the need to create a separate building code for existing structures. Preservation

of existing affordable housing is an essential component of the state's affordability strategy, yet many existing affordable units were lost because they failed to meet building code standards. In order to use these units, owners must rehabilitate them to standards under the 1990 code. For older homes, this can mean expensive and perhaps unnecessary electrical and plumbing work. Faced with such requirements, owners of these units regularly choose not to renovate, finding it more financially sound to simply let it go. The new code ensures occupant safety without requiring owners to bring the units up to costly, unnecessary new construction standards.

- **Tax Reverted Properties.** Michigan recognized that tax reverted properties could be used by the state to address affordable housing needs. In 2003, the tax reversion law was amended to shorten the time frame for redemption of tax reverted properties from seven years to five years. This allows a more timely transfer of tax reverted property. The Land Bank Fast track Authority, implemented in January 2004, has the authority to transfer certain tax reverted properties to non-profit organizations who rehabilitate the existing property or newly construct affordable housing for low to moderate-income households.
- **Historic preservation.** HUD regulations require that properties rehabilitated with HOME funding comply with current historic preservation laws; to streamline this process, the Authority has worked with the Michigan Historical Society to develop a simple review procedure that will meet the HUD requirement while assuring that the property will remain affordable.
- **Land Use.** In February 2003, Governor Jennifer Granholm formed the bipartisan Michigan Land Use Leadership Council and charged the council with studying and identifying trends, causes, and consequences of urban sprawl and providing recommendations to the governor and legislature designed to minimize the negative effects of current and projected land use patterns on Michigan's environment and economy. In formulating its recommendations for Michigan the council established guiding principals which included housing, affordable housing, and community development. The final recommendations were made in August 2003. It is anticipated that many of the recommendations will be implemented over the next three to five year period.

The state does not intend to conduct a study of the barriers to affordable housing at this time; however, the state will continue its efforts to reduce regulating barriers to affordable housing as part of its normal program development and review process.

- **Court Orders and HUD Sanctions**

There are no court orders or HUD sanctions that may have a detrimental effect on affordable housing in Michigan.

V. STRATEGIC PLAN

This section of the Consolidated Plan describes the state's goals and investment plans for addressing housing and community development needs for the five-year period January 1, 2005 through December 31, 2009. The first part of this section identifies the five overarching goals for the next five years. It analyzes the rationale for the strategies developed to address these goals and summarizes the resources that will be used in implementing these strategies. The second part of this section describes a number of issues surrounding the institutional structure for delivering affordable housing in the state; coordination between governmental, non-profit and for-profit agencies involved in providing housing assistance; linkages between low-income housing tax credits and other housing resources; and other relevant components of the overall Consolidated Plan.

A. HOUSING AND COMMUNITY DEVELOPMENT GOALS

1. Goal 1: Expand the availability and supply of safe, decent, affordable, and accessible rental housing for low and extremely low income individuals and families.

a. Analysis. Although a majority of Michigan households own their home, not everyone can afford to purchase and maintain a home nor does everyone aspire to become a homeowner. For these households, an adequate supply of affordable and accessible rental housing is essential not only to meet their basic housing needs but also to provide them with the ability to choose the community in which they wish to live.

According to the definitions used by the Bureau of the Census, any one of the following conditions creates a "housing need":

- Cost burden (housing costs exceeding 30 percent of income);
- Substandard housing (lacking adequate kitchen or plumbing facilities); or
- Overcrowded (more than one member of the household per room).

According to data from the 2000 Census, slightly over 38 percent of all renter households in Michigan surveyed reported some form of housing need. Of these households, very low-income individuals and families accounted for 78 percent of all renter households with a housing need, while other low-income and moderate-income individuals and families accounted for 14 percent and 7 percent respectively.

Throughout the state, cost burden is by far the most common problem among households with housing needs. There are 991,892 low-income renter households in Michigan with housing problems. Of these, 51 percent have a housing cost burden (costs exceeding 30 percent of their income). For 3 of the 4 types of renter households, high cost burden is the predominant housing problem; only among large renter households, particularly those with incomes above 30 percent of the median, is there a substantial incidence of some other housing problem, presumably overcrowding.

There is considerably more difference with respect to the incidence of housing cost burdens greater than 50 percent of income. Over 20 percent of all low-income households in the state pay over half of their income for housing. Although this

proportion is almost 70 percent for very low-income households, it drops to 9 percent among other low-income households. As household income rises, the proportion with extreme housing cost burdens falls more rapidly than does the proportion with any type of housing problem

For renter households, extreme cost burden occurs relatively more frequently at the lower income levels than it does among owner households. Above the 50 percent of median level, however, the opposite is true. This is, in part, a result of the fact that non-elderly, extremely low-income households have incidence of extreme cost burden that range upward from 68 percent of all of these households, compared to 38 percent of the extremely low-income elderly with cost burdens this high. At other income levels, elderly renters are at or near the top with respect to the proportion with extreme housing cost burdens. The elderly are over 30 percent of all very low-income renters, but less than 9 percent of moderate-income renters.

These same general patterns prevail in the geographic sub-areas of the state. The only significant differences are in the nonmetropolitan counties where elderly rental households are even less likely to experience extreme housing cost burdens than they are in the metropolitan counties.

Based on the foregoing analysis, very low-income and extremely low-income renter households have been assigned a high priority during the next five years. Other low-income renter households have been assigned a medium priority.

b. Strategy Development. Market conditions throughout most of the state suggest that state and local housing programs during the next five years should emphasize rental assistance and rehabilitation of the existing housing stock over new construction. Rental assistance and rehabilitation will not by themselves solve Michigan's need for affordable housing, and there are a number of situations, especially in small urban and nonmetropolitan areas, in which new construction will be the most appropriate means for developing affordable rental housing.

In high cost areas, the demand for housing is strong, and the private market is unable to serve the housing needs of those not able to exercise effective demand. New construction may also be warranted in areas where there is a lack of appropriate housing to meet identified housing needs. For example, multifamily rental housing may not exist in some markets where there is a need to meet the demand of the elderly. The construction of new housing may also be warranted as part of an overall program for economic development or neighborhood revitalization. Finally, new construction may be the most appropriate means of meeting housing need in areas that are experiencing population and economic growth, but where income levels are too low to permit the private market to provide the additional housing that is required.

Based on the foregoing analysis, rental assistance, rehabilitation, and new construction will be primary activities pursued by the state during the next five years under Goal 1.

c. Investment Plan. The state will endeavor to pursue the following programmatic resources during the next five years. The state, where feasible, may support applications for these programs and resources from eligible nonprofits and other entities when the application is not limited to such entities. However, when the state is also an eligible applicant, it may take the lead and apply directly for funding.

Program availability depends on the extent to which funds are authorized and appropriated. The five year projections contained in this report are simple estimates that assume a constant funding level for federal housing programs. Where appropriate, the state has provided specific budget information and goals based on funds available during the current fiscal year, and as more information becomes available regarding the structure and the funding levels of federal housing programs, the State will revise and update its five year projections to the extent required by the consolidated plan process.

i. Federal Resources. During the next year, MSHDA has allocated approximately \$8 million of the State's HOME Investment Partnerships Program funds for the new construction or rehabilitation of affordable rental units through MSHDA's HOME TEAM Advantage program. This program also uses tax exempt MSHDA financing at reduced interest rates and the Housing Tax Credit. Assuming constant funding of the HOME TEAM Advantage program during the next five years, the state anticipates that approximately \$35 million of its HOME program allocation will be used during FY05 through FY09 to support the development or rehabilitation of rental housing throughout targeted areas of the state.

MSHDA makes funding available for small scale rental projects of 1-24 units through the Office of Community Development's Housing Resource Fund. The fund includes approximately \$15 million of HOME funding for the next year.

From FY05-FY09, the state anticipates that approximately \$15 million of HOME funds will be used to enhance the financing of affordable and accessible rental housing and housing designed to accommodate the physically challenged, developmentally disabled, and previously mentally ill adults. These programs are more fully described under Goal 5 because of their linkage with supportive services. We will request matching funds when developments are located in local Participating Jurisdictions.

MSHDA anticipates that during the current fiscal year ending June 30, 2005, approximately \$55 million in tax exempt financing will be made available for rental housing through its various lending programs, resulting in the development of over 800 rental units. MSHDA estimates that at least 10 percent of these units will be affordable to households earning 30 percent or less of area median income, that another 20 percent of the units will be affordable to households earning 50 percent or area median income, and that another 40 percent of the units will be affordable to households with incomes at 60 percent of area median income. For the period between FY05 and FY09, MSHDA estimates that over \$500 million in tax exempt financing may be available to create more than 7,000 rental units, available to lower income households in the above-referenced ranges.

MSHDA also administers the Low Income Housing Tax Credit Program and projects to utilize approximately \$18 million in FY05. In addition to the rental units financed by MSHDA, the LIHTC will assist in the development of over 3,000 rental units. For the period between FY05-FY09, the Authority would expect to utilize over \$100 million in tax credits creating over 15,000 rental units.

MSHDA is a statewide housing agency with a portfolio of over 21,000 Section 8 rental assistance certificates and vouchers. In FY05, it is expected that 2,000 households will

participate in Section 8 Family Self-Sufficiency (FSS) program. The FSS program is more fully described under Goal 5.

ii. Private Resources. In the administration of state and federal funding, the state will continue to emphasize the leveraging of other funding to maximize limited resources.

For example, MSHDA anticipates the continued availability of conventional debt financing for rental housing in conjunction with the use of the Housing Tax Credit. MSHDA will continue to make taxable debt financing available, however, in situations where private financing is not available.

To the extent possible, MSHDA will continue to leverage its interest rates by pairing new bond issues with the refunding of older, higher interest rate bond issues.

iii. State Resources. MSHDA anticipates that funding for various state and federal programs not covered by the Consolidated Plan but with substantial housing related activities will continue to be available during FY05. For example, the Michigan Family Independence Agency (FIA) administers the Family Independence Program. Although the primary emphasis of these programs is income support, such support may also include housing assistance.

iv. Geographic Distribution. All of the state's resources directed toward Goal 1 are available statewide, with no specific geographic distribution. However, the usage of these resources must meet certain criteria, including HUD's allocation by metropolitan and nonmetropolitan areas of incremental Section 8 assistance.

In general, the state's HOME resources are prioritized for communities not receiving a local HOME allocation. Nonprofit organizations and Community Housing Development Organizations (CHDOs) which are located in a HOME Participating Jurisdiction (PJ) must obtain a match of local funds to access state administered HOME funding.

v. Service Delivery and Management. The state intends to continue its current method of distributing resources through a variety of mechanisms, each best suited to the funding source or particular need being addressed. The state will continue to rely on its housing finance agency, the Michigan State Housing Development Authority, to deliver the majority of housing programs of the state, including those both federally and state funded.

MSHDA will be the major delivery mechanism for accomplishing Goal 1. The MSHDA bureaus responsible for these efforts in expanding the supply of affordable rental housing include:

Office of Community Development Housing Resource Fund (1-24 unit projects)

Office of Multifamily Development	TEAM tax-exempt, Taxable Bond, and HOME TEAM Advantage direct lending, and Modified Pass Through tax-exempt bonds with private credit enhancement.
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Office of Legal Affairs

LIHTC Allocation

Office of Existing Housing

Rental Assistance

In addition to the staff directly involved in the lending and administering of these rental housing resources, other Authority staff are involved in the ongoing management of rental housing developed by these resources. The Authority utilizes both contractual service employees and state employees to administer rental assistance throughout the state.

vi. Table of Programmatic Resources. The following table summarizes the programmatic resources that the state anticipates will be available to address the need for affordable housing. Program availability, however, depends on the extent to which funds are appropriated. Additionally, individual programs may be mandated to provide services to a particular population and may have eligibility criteria. Therefore, not every individual and family in need of assistance will be eligible for all programs.

PROGRAM	AGENCY	PROGRAM DESCRIPTION	TYPE	ELIGIBLE APPLICANTS
Family Independence Program (FIP)	FIA	Provides financial assistance to families with children and the parent(s) or other caretaker with whom they are living, to help the family attain or retain the capacity for maximum self support and personal independence.	Fed/ State	Qualified families with children.
HOME TEAM Advantage	MSHDA	Provides long-term mortgages for housing developments of 12-49 units new construction or up to 100 units for rehabilitation in targeted areas of the state. All units are targeted to incomes of 60 percent of area median or less.	State	Qualified nonprofits, consumer housing cooperatives, and limited dividend housing association limited partnerships.
Modified Pass Through Program	MSHDA	Provides mortgage loans for new construction or rehabilitation of rental units. Bonds are backed by credit enhancement provided by the developer.	State	Qualified nonprofit, consumer housing corporations, and limited dividend housing association limited partnerships.
Section 8 Existing Rent Allowance Program	MSHDA	Provides assistance to eligible individuals and families to pay their rent. Household income may not exceed 50 percent of area median income.	Federal	Eligibility based on income limits established by HUD.
Senior Citizen Rent Subsidy	Treasury	Provides a refundable tax credit up to \$1,200 for seniors who use over 40% of their income for rent.	State	Senior citizens.
State Disability Assistance	FIA	Provides cash assistance for disabled persons.	State	Disabled persons not eligible for TANF or SDA.
Tax Exempt Direct Lending (TEAM)	MSHDA	Provides low interest mortgages for new construction of 50 to 150 rental unit developments. At least 40% of the units must be affordable to households at 60 percent of median or less.	State	Qualified nonprofit, consumer housing cooperatives, and limited dividend housing association limited partnerships.
Taxable Bond/Low Income Housing Tax Credit (LIHTC) Program	MSHDA	Provides mortgage loans in conjunction with the 9% LIHTC for new construction or substantial rehabilitation of rental developments.	State	Qualified nonprofit, consumer housing cooperatives, and limited dividend housing association limited partnerships.

2. Goal 2: Improve and preserve the existing affordable housing stock and neighborhoods.

a. Analysis. To assure that future generations of Michigan's citizens will continue to have an adequate supply of rental housing, the preservation of the existing affordable rental housing stock is another top priority of the Michigan Consolidated Plan.

According to data from the 2000 Census, slightly over 38 percent of all renter households in Michigan surveyed reported some form of housing need. Of these households, very low-income individuals and families accounted for 78 percent of all renter households with housing needs, while other low- and moderate-income individuals and families accounted for 14 percent and 7 percent respectively.

Throughout the state, cost burden is by far the most common problem among households with housing needs. There are 991,892 low-income households in Michigan with housing problems. Of these, 51 percent pay more than 30 percent of their household income for housing. For most types of rental households, cost burden is the primary housing problem, both statewide and in the sub-areas of Michigan. Among large renter households, however, overcrowding appears more likely to be a problem; while 72 percent of these households have housing problems, only 39 percent suffer from a high cost burden. Even at the extremely low-income level (below 30 percent MFI), 91 percent of the large families have a housing problem, probably overcrowding, but do not have a high cost burden.

There is considerably more difference with respect to the incidence of housing cost burdens greater than 50 percent of income. Over 20 percent of all low-income households in the state pay over half of their income for housing. Although this proportion is almost 70 percent for very low-income households, it drops to 9 percent among other low-income households. As household income rises, the proportion with extreme housing cost burdens falls more rapidly than does the proportion with any type of housing problem.

Extreme cost burden is more frequent at the lower income levels among renters than owners. Above the 50 percent of median level, however, the opposite is true. This is, in part, because non-elderly, extremely low-income households have incidence of extreme cost burden that range upward from 68 percent of all of these households. In contrast, only 38 percent of the extremely low-income elderly have cost burdens this high. At other income levels, elderly renters are at or near the top with respect to the proportion with extreme housing cost burdens. The elderly are over 30 percent of all very low-income renters, but less than 9 percent of moderate-income renters.

These same general patterns prevail in the geographic sub-areas of the state. The only significant differences are in the nonmetropolitan counties where elderly rental households are even less likely to experience extreme housing cost burdens than they are in the metropolitan counties.

In addition to the need for affordable rental housing, it is expected that greater pressure on the existing supply of assisted housing units over the next five years. More than half of the subsidy contracts for many of the existing assisted housing units are scheduled to expire by 2005. A majority of the units eligible for prepayment are located in the metropolitan areas of the state.

Based on the foregoing analysis, extremely low- and very low-income households have been assigned a high priority under Goal 2. Other low-income households have been assigned a medium priority.

b. Strategy Development. Market conditions throughout most of the state suggest that state and local housing programs should emphasize rehabilitation and preservation of the existing housing stock over new construction.

Preservation and rehabilitation will not by themselves solve Michigan's need for affordable housing, and there are a number of situations in which new construction may be the most appropriate means for developing affordable rental housing. In high cost areas, the demand for housing is strong, and the private market is unable to serve the housing needs of those not able to exercise effective demand. New construction may also be warranted in areas where there is a lack of appropriate housing to meet identified housing needs. For example, multifamily rental housing may not exist in some markets where there is a need to meet the demand of the elderly. The construction of new housing may also be warranted as part of an overall program for economic development or neighborhood revitalization. Finally, new construction may be the most appropriate means of meeting housing need in areas that are experiencing population and economic growth, but where income levels are too low to permit the private market to provide the additional housing that is required.

Based on the foregoing, rehabilitation and preservation will be primary activities pursued by the state during the next 5 years under Goal 2. New construction will be a secondary activity will be used as a tool in specific market areas where the housing stock is not available for rehabilitation or is insufficient to meet the housing demand. .

Specific MSHDA programs will continue to support the improvement of housing in Michigan communities and neighborhoods. These programs are listed below, and/or in other sections of this Plan:

i. Neighborhood Preservation. Neighborhood Preservation funding is made available through MSHDA's Office of Community Development. This component of the Housing Resource Fund is designed to assist local efforts to comprehensively address neighborhood revitalization in geographically defined target areas. It is designed to maximize community impact by funding neighborhood improvement activities, including small- scale rental (1-24 units), in support of affordable housing in a targeted residential area to reverse patterns of disinvestment. Revitalization may occur through the use of infrastructure improvement, neighborhood beautification, demolition, and/or neighborhood marketing.

ii. Property Improvement Loans. From FY 050-FY09 MSHDA's Office of Community Development expects to make approximately \$5 million in Property Improvement Loans available to owners of small scale affordable rental housing in communities throughout the state. These loans have an interest rate of 8 percent.

iii. Technical Assistance. The Michigan State Housing Development Authority instituted a comprehensive technical assistance (TA) program in FY94 to assist the affordable housing endeavors of community-based organizations. MSHDA has a variety of loan and grant programs to finance the housing efforts of these nonprofits; however, efforts to maximize the impact of these programs were hampered by the small number of stable, experienced and qualified nonprofits within the state of Michigan. The purpose of MSHDA's TA program is to assign competent intermediaries and other consultants to nonprofits in order to assist them in implementing neighborhood revitalization and administering housing loan and grant housing programs regardless of funding source.

MSHDA funding for FY05 has been established at \$1.3 million. In conjunction with MSHDA funded TA, the Authority also administers a HUD funded TA program that target groups using HOME funds. A three-year contract was awarded to MSHDA in FY02 and FY03 for a total of \$75,000 for HOME TA and \$85,000 for CHDO TA. These funds will continue to build capacity of community-based groups and in their production of quality affordable units over the next few years.

iv. HOME Rental Rehabilitation Program. MSHDA uses HOME funds to support moderate rehabilitation of affordable rental units through state recipients. Funding is offered through the Office of Community Development's Housing Resource Fund and Neighborhood Preservation Program.. The HRRP is designed to help a local unit of government provide funding assistance to improve investor-owned property, especially in their downtowns. Rents are controlled and the rental units must remain affordable for five years.

c. **Investment Plan.** The state will endeavor to pursue the following programmatic resources during the next five years. The state, where feasible, may support applications for these programs and resources from eligible nonprofits and other entities when the application is not limited to such entities. However, when the state is also an eligible applicant, it may take the lead and apply directly for funding.

Program availability depends on the extent to which funds are authorized and appropriated. The five-year projections contained in this report are simple estimates that assume a constant funding level for federal housing programs. Where appropriate, the state has provided specific budget information and goals based on funds available during the current fiscal year, and as more information becomes available regarding the structure and the funding levels of federal housing programs, the State will revise and update its five year projections to the extent required by the consolidated plan process.

i. Federal Resources. The state will use several federal resources leveraged with resources from MSHDA in its efforts to improve and preserve Michigan's existing affordable housing stock and neighborhoods. A portion of the state's volume cap will be used to fund Property Improvement Program (PIP) loans. This program will provide \$3 million in rehabilitation loans ranging from 1 to 8 percent for existing low-income homeowners. It is anticipated that approximately 350 homes will be rehabilitated using this resource, which does not require compliance with HQS.

MSHDA will continue to fund the Office of Community Development's Housing Resource Fund (HRF), which provides funding for non-profits and local units of government for a variety of affordable housing and community development activities. Funding can be used for homebuyer assistance, homeowner assistance, neighborhood preservation, rental development of 1-24 units, and rental rehabilitation. The HRF will be funded at approximately a \$15 million level in FY05. Funding is generally used to assist households at or below 80% of area median income, except for rental activities where funding is generally targeted to households at or below 60% of area median income. Homeless funding generally assists households with incomes at or below 30% of area median income.

The Michigan CDBG Program, administered by the Michigan Economic Development Corporation, has contracted with MSHDA to administer the housing program. The FY05 allocation for housing is projected to be \$10 million representing about 25 percent of the state's estimated FY05 CDBG allocation. These funds are used for county wide low-income homeowner rehabilitation programs and to fund the Office of Community Development's Housing Resource Fund. It is projected that 75 percent of the homes assisted will belong to households earning 50 percent or less of area median income; 100 percent of these units belong to households earning 80 percent or less of area median income.

The Michigan Family Independence Agency (FIA) allocates the Department of Energy funds used for weatherization of the homes of low-income households. FY05 resources are anticipated to be \$7 million. During FY05, it is anticipated that over 2,900 homes will be weatherized through this program. Often the weatherization funds are used in conjunction with other rehabilitation programs, such as PIP and CDBG. Approximately 88 percent of the households assisted under the weatherization program are homeowners, and approximately 12 percent of the households assisted are renters.

The state devotes a variety of resources to the preservation of housing serving very low- and low-income households. Several of these resources have specific goals such as weatherization, which may not result in properties being brought up to Housing Quality Standards (HQS). MSHDA will continue to provide low cost home improvement financing by utilizing a network of lenders and communities who participate in the program throughout the state, with a priority to households, which do not meet minimum quality standards.

ii. Private Resources. In the administration of state and federal funding, the state will continue to encourage the leveraging of other funding to maximize limited resources.

For example, MSHDA will provide loans in conjunction with HRRP from a Moderate Rehabilitation Loan program funded with Authority reserves. MSHDA provides tax exempt financing to lower interest rates on PIP loans to qualified borrowers. Fees are also paid to lenders and communities from its earnings on the bond issuance. The annual cost to MSHDA of providing \$3 million of low interest property improvement loans is approximately \$50,000.

MSHDA has adopted a policy regarding the preservation of Section 8 developments it has financed. The goal of this policy is to maintain the existing subsidized housing stock financed by MSHDA as a resource for low-income households for its remaining economic life, which is expected to extend well beyond the prepayment options of these loans. This policy will have the potential for preserving in excess of 11,000 units of low-income housing into perpetuity and is expected to provide a resource for the continuation of worthwhile housing and support services delivered by nonprofit organizations.

MSHDA's Single Family offers a single family loan which combines rehabilitation funding with a mortgage loan for acquisition. The loans are offered as a tool in assuring that affordable housing is preserved for low income use and that neighborhoods in need of revitalization have more financing resources. The loans are offered at a very affordable rate using prepayments of Single Family loans.

iii. State Resources. MSHDA anticipates that funding for various state and federal programs not covered by the Consolidated Plan but with housing related activities will continue to be available during FY05. For example, the Michigan Department of Treasury administers the Homestead Property Tax Credit and Special Assessment Deferment Program. Although these are primarily tax policies, they also make housing more affordable in the state.

iv. Geographic Distribution. The state's resources directed towards Goal 2 are available statewide with no specific geographic distribution.

v. Housing Delivery System. Effective renewal and preservation of housing stock in neighborhoods and communities statewide requires thoughtful strategic targeting of scarce resources to a competent community-based delivery system working in concert with local government.

In many communities, the cost of rehabilitating units exceeds their after-rehab value; this market factor has been the primary deterrent to continued maintenance, which has led to deterioration and abandonment. In these cases, public funds have a vital and unique role; when combined with the objective of providing affordable housing, HOME funds and other grant investments can contribute to the quality of life in a deteriorating neighborhood while providing an affordable housing unit at a low effective cost. These public funds serve as an essential catalyst to "jump-start" neighborhood investment.

Even if there were sufficient funding to address all of a neighborhood's housing needs, however, HOME and other public affordable housing resources are not appropriate sole sources for neighborhood revitalization. MSHDA prioritizes funding for communities where the investment is consistent with local planning, and where community residents are competently and thoughtfully investing funds to maximize other owner investment in the community.

These strategies have uncertain outcomes and take a long time to mature. Rehabilitated units impact on a relatively small neighborhood radius. But even where housing values do not generally rise to meet rehab costs, some public benefit is achieved. Community residents are renewed and re-committed to the future of their neighborhood, and they have renewed opportunity to impact on their own destiny.

As a result, MSHDA's community development efforts will be prioritized around viable communities, which provide workable plans for neighborhood preservation and revitalization, which seem likely to maximize other owner investment. MSHDA's competitive grant-making will include these elements as criteria in its consideration of funding decisions. Likewise, MSHDA's technical assistance will be oriented toward expanding the competence of nonprofits, especially community housing development organizations (CHDOs) to implementing housing projects consistent with these goals.

vi. Service Delivery and Management. The state intends to continue its current method of distributing resources through a variety of mechanisms, each best suited to the funding source or particular need being addressed. The state will continue to rely on its housing finance agency, the Michigan State Housing Development Authority, to deliver the majority of housing programs for the state, including those both federally and state funded.

MSHDA is the primary agent for the delivery of state resources to accomplish Goal 2, with the exception of the DOE weatherization funds, which are administered by the Michigan Family Independence Agency. To accomplish this effort, MSHDA relies on various delivery mechanisms to offer the resources on a decentralized basis throughout the state. Local units of government provide both homeowner and rental rehabilitation loans and grants funded by CDBG, HOME, and MSHDA's PIP and Mod Rehab loans, with MSHDA staff providing training and oversight Nonprofit organizations, including Community Action Agencies (CAAs), provide weatherization and rehabilitation funds.

MSHDA divisions responsible for the various programs involved in Goal 2 include:

Office of Community Development

Housing Resource Fund
CDBG Housing Program
HOME Rental Rehabilitation Program
(HRRP)
MSHDA Moderate Rehabilitation Loans

Technical Assistance to Nonprofits

Office of Management and
Reinvestment

Property Improvement Program (PIP)
Acquisition/Rehabilitation Loans
Flexible Subsidies
MSHDA Preservation Policy
MSHDA Tenant Subsidies

- vii. Table of Programmatic Resources. The following table summarizes the programmatic resources that the state anticipates will be available to address the need for affordable housing. Program availability, however, depends on the extent to which funds are appropriated. Additionally, individual programs may be mandated to provide services to a particular population and may have eligibility criteria. Therefore, not every individual and family in need of assistance will be eligible for all programs.

PROGRAM	AGENCY	PROGRAM DESCRIPTION	TYPE	ELIGIBLE APPLICANTS
Rental Rehabilitation	MSHDA	Forgivable loans will be provided for 75 percent of rehab amount, up to \$14,999 per unit. All units must be affordable to households at 60 percent of median or less with at least 20 percent of the units affordable to households with incomes less than 50 percent of median.	Federal	Local units of government.
Home Heating Credit	Treasury	Provides a tax credit for low-income households based on income, number of exemptions, and actual home heating costs.	State/ Federal	Low-income households except ADC and GA recipients.
Homebuyer Purchase/Rehab (HPR)	MSHDA	Provides, in addition to Home Downpayment Assistance, funds for moderate rehabilitation after the low-income buyer purchases the home.	Federal	Nonprofits and local units of government.
Homestead Property Tax Credits	Treasury	Provides a refundable tax credit to homeowners with high property tax burdens.	State	No limitation; however, credit varies depending on age, veteran, disability, etc.
Low-Income Home Weatherization Program	FIA	Provides assistance for eligible households for energy conservation measures.	Federal	Community Action Agencies.
Michigan CDBG Program	MSHDA	CDBG funds are used by local units of government to provide loans and grants for the rehabilitation of single family and rental units serving low and moderate-income households and to make neighborhood improvements.	Federal	Small cities and non-urban counties.
Neighborhood Preservation	MSHDA	Provides financing for demolition, infrastructure, beautification and rehabilitation and/or new construction of 1-24 rental units or homeowner rehabilitation to revitalize targeted neighborhoods.	State	Communities and qualified nonprofit or for-profit housing corporations.
Property Improvement Program (PIP)	MSHDA	Provides low interest loans to owners of small-scale affordable rental housing loans to make permanent improvements to their properties.	State	Investor owners.
Special Assessment Deferment Program	Treasury	Permits deferral of special assessments for low-income seniors and totally and permanently disabled persons until they die or sell their home.	State	To qualify must have income under \$13,000.

3. Goal 3: Increase homeownership opportunities for individuals and families by reducing the costs of homeownership.

a. Analysis. Homeownership has been the ideal for generations of Americans and remains the dominant form of housing tenure for Michigan households. First-time homebuyer Michigan households have one of the highest rates of homeownership in the nation. In 2000, fully 73 percent of all Michigan households were homeowners. The rate of homeownership was only slightly less (72 percent) in the metropolitan areas of the State. In the rural areas, almost 80 percent of all households were homeowners.

Michigan generally is considered to have affordable opportunities for homeownership, the overall proportion of owner occupant households increased 2.9 percent over the decade to 73.8 percent. Many of the central cities in the metropolitan areas of the state contain a substantial supply of low priced single-family housing; however, there are a number of obstacles to using these resources to increase homeownership opportunities for low and very low-income households. First, many of these units are older and may not currently provide a quality homeownership opportunity. It remains difficult for low-income individuals and families to obtain the necessary financing for the major repairs and renovations that are frequently required for older housing.

Second, some neighborhoods in which these units are located may not provide safe and attractive environments. Poor quality of public services may also be a detriment to investing in a home in these areas.

Third, there are issues related to the ability of very low- and low-income households to qualify for the purchase of a home. Even when the price of a home is modest, the purchaser most likely will have to qualify for some type of financing. The accumulation of a down payment and closing costs is difficult for most very low- and low-income households. Serious credit problems also remain a barrier for many low-income households.

Finally, some very low-income households who already own their own homes lack the resources for repairs to keep their homes safe and habitable. This situation is faced in segments of the population where homeownership is very high; senior citizens and rural families are two such groups. These very low-income households are assisted by MSHDA's property improvement loans.

Based on the foregoing analysis, existing homeowners of all categories and other low-income, first-time homebuyers have been assigned high or medium priority. Homeowners and first-time homebuyers who are very low income (31 to 50 percent Median Family Income (MFI)) have been assigned a high priority. Households with extremely low-income (0 to 30 percent MFI) have been assigned a medium priority.

b. Strategy Development. Market conditions throughout most of the state suggest that programs under Goal 3 should reduce the cost of homeownership to both potential and existing homeowners; consequently, acquisition, rehabilitation, and homebuyer assistance will be primary activities pursued by the State during the next 5 years under Goal 3. New construction will be a secondary activity.

The State has offered low-cost loans to low-income homebuyers since 1971 through MSHDA's Single Family Loan Program. MSHDA was also the first State agency in the country to offer the Mortgage

Credit Certificates (MCC) as a resource to increase the affordability of homeownership. Property improvement loans are offered with interest rates on a sliding scale, depending on income. In FY05-09, MSHDA is complementing these programs with additional funding allocated from MSHDA's general reserves for downpayment assistance, making homeownership opportunities available to even lower income households.

c. Investment Plan. The state will endeavor to pursue the following programmatic resources during the next five years. The state, where feasible, may support applications for these programs and resources from eligible nonprofits and other entities when the application is not limited to such entities. However, when the state is also an eligible applicant, it may take the lead and apply directly for funding.

Program availability depends on the extent to which funds are authorized and appropriated. The five-year projections contained in this report are simple estimates that assume a constant funding level for federal housing programs. Where appropriate, the state has provided specific budget information and goals based on funds available during the current fiscal year, and as more information becomes available regarding the structure and the funding levels of federal housing programs, the State will revise and update its five year projections to the extent required by the consolidated plan process.

i. Federal Resources. The State of Michigan allocates a major portion of its volume cap for the operation of MSHDA's Mortgage Credit Certificate (MCC) and Single Family programs. It is projected that \$50 million will be used for MCCs and \$75 million for Single Family in FY05. Over five years, MSHDA expects to provide over \$275 million in Mortgage Credit Certificates, in addition to \$400 million in Single Family Mortgages. The statewide income limit for both of these programs is \$56,650. It is estimated that 80 percent of these funds will assist families with incomes less than 80 percent of the statewide median income.

The State allocated \$15 million of its estimated FY05 HOME funds for the Office of Community Development's Housing Resource Fund (HRF). The HRF can be used for a single family acquisition/development/resale program implemented by CHDOs, nonprofits, and state recipients. With these funds, local units of government and nonprofit organizations will be provided with the resources to acquire and rehabilitate or newly construct single-family housing for resale to low-income households or to develop purchase strategies to help low-income families qualify for financing within 2 years. Grants and no-interest loans may be used to make units affordable to families with incomes below 30 percent of area median. Nonprofits located within a HOME PJ are required to obtain a local match of their State HRF request. The Housing Resource Fund also provides for down payment assistance to low income homebuyers through a separate down payment assistance component administered by local nonprofits.

ii. Private Resources. In the administration of State and federal funding, the State will continue to encourage the leveraging of other funding to maximize limited resources.

MSHDA has established a Homeownership Counseling Network as an educational service providing information on all affordable home purchase options. It was originally created in support of a partnership between MSHDA and the Federal Home Loan Mortgage Corporation (Freddie Mac) to provide lower income households with access to home mortgages, but is now being utilized in support of other Authority programs, such as the acquisition/rehab, single family and the downpayment assistance programs. MSHDA has committed \$900,000 of its resources in support of the Homeownership Counseling Network in FY05. If the federal government maintains its current support for affordable housing programs, MSHDA expects to continue to invest in homeownership counseling, providing \$4,00,000 from FY05-09.

iii. MSHDA's Single Family Loans and the Michigan Mortgage Credit Certificates are available statewide through participating lenders. The Homeownership Counseling Network is also available statewide. The Housing Resource Fund is available statewide.

iv. Service Delivery and Management. The State intends to continue its current method of distributing resources through a variety of mechanisms, each best suited to the funding source or particular need being address. The State will continue to rely on its housing finance agency, the Michigan State Housing Development Authority, to deliver the majority of housing programs of the state, including those both federally and State funded.

For example, MSHDA contracts with 52 lenders with multiple statewide branches to deliver its Single Family loans and 156 lenders, again with multiple statewide branches, to offer the MCC. Authority staff or contractors inspect homes prior to commitment and review all closing documents to assure income eligibility and underwriting criteria are met. The Homeownership Counseling Network covers all Michigan counties and is comprised of 100 agencies with 240 certified counselors.

MSHDA Office of Community Development staff is responsible for the training and monitoring of communities and nonprofits implementing the Housing Resource Fund components.

v. Table of Programmatic Resources. The following table summarizes the programmatic resources that the State anticipates will be available to address the need for affordable housing. Program availability, however, depends on the extent to which funds are appropriated. Additionally, individual programs may be mandated to provide services to a particular population and may have eligibility criteria. Therefore, not every individual and family in need of assistance will be eligible for all programs.

PROGRAM	AGENCY	PROGRAM DESCRIPTION	TYPE	ELIGIBLE APPLICANTS
Acquisition/Rehab Homeownership Program	MSHDA	Provides loans to single family households for the acquisition and rehab of existing homes. Household income may not exceed \$56,650.	State	Family income below \$56,650.
HOME Acquisition/Development/Resale	MSHDA	Grants and no-interest loans may be used to make units affordable to families with incomes below 80 percent of area median.	Federal	Community based organizations and local units of government.
Downpayment Assistance	MSHDA	Provides homeownership assistance of up to \$5,000 per unit. All first-time homebuyers must have incomes of 80 percent of median or less.	State	Nonprofit organizations, local units of government, or lenders participating in MSHDA Single Family Mortgage Program.
HOME American Dream Downpayment Initiative	MSHDA	Provides homeownership assistance for first-time homebuyers through local Habitat for Humanity affiliates.	Federal	Habitat for Humanity affiliates.
Homebuyer Purchase/Rehab (HPR)	MSHDA	Provides, in addition to the Downpayment Assistance, funds for moderate rehabilitation after the low-income buyer purchases the home.	Federal	Nonprofits and local units of government.
Michigan Mortgage Credit Certificate Program	MSHDA	Provides up to 20% federal income tax credit on mortgage interest. Household income may not exceed \$56,650 annually. Primarily for first-time homebuyers.	State	Family income below \$56,650, purchase price limits apply.
Single Family Mortgage Program	MSHDA	Provides low interest rate mortgages for new and existing houses, new single section mobile homes, and some condominiums. Household income must be under \$56,650 for the purchase of a new home or existing home.	State	Family income below \$56,650, purchase price limits apply.
Housing Choice Voucher (HCV) "Key to Own" Homeownership Program	MSHDA	Provides voucher subsidy to assist HCV household in qualifying for and purchasing their own home.	Federal	HCV families successfully participating in the Family Self-Sufficiency (FSS) Program.

4. Goal 4: Make homeless assistance more effective and responsive to local need through local autonomy and movement toward continuum of care.

a. Analysis. The ability to accurately estimate the number of homeless has always been hampered by several factors. First, some homeless persons desire anonymity. Second, the homeless status of many persons is constantly changing. For some, homelessness is an almost permanent condition; for others it can be a temporary condition. In this instance, an individual or family may experience a single episode of homelessness in which intervention by either friends, relatives, or institutional service providers may be able to address and, consequently, eliminate the cause of the homelessness. A third and more common situation, occurs when individuals or families experience recurring episodes of homelessness. In this case, the homeless condition is temporarily eliminated, while the root cause, such as lack of employment opportunities or alcohol or drug addiction, is not addressed. Absent assistance directed to changing the fundamental cause of the homelessness, the individual or family is likely to return to the ranks of the homeless after some period of time.

Lastly, changes in external conditions may also cause significant shifts in the number of persons who are homeless. Deinstitutionalization, modification or elimination of social service support systems, natural disasters, loss of housing stock for the poor through deterioration or gentrification, or conversion and shifts in employment levels, are examples of types of external factors that can affect the number of persons who are homeless.

Based on the 2004 Statewide Continuum of Care: Gaps Analysis, the state has an unmet need of 1,471 emergency shelter beds, 1,227 transitional housing units and 6,438 permanent supportive housing units for homeless individuals. Additionally, the state has an unmet need of 700 emergency shelter beds, 978 transitional housing units and 4,923 permanent supportive housing units for homeless families.

Research in Michigan and throughout the country has found that homelessness is not as much a condition or state of being as it is a symptom of more complex and intractable problems. Even now, when some of the conditions contributing to homelessness are beginning to show signs of improving -- i.e. stabilization in the unemployment rate -- there appears to be little in the way of concomitant decreases in the number of homeless persons. This is largely attributable to the fact that other elements contributing to homelessness are increasing including drug addiction, AIDS, and continued upward pressure on housing prices.

At this time it is clear that the nature of homelessness in our state is not very different than in other industrial states or that the prevailing research would suggest. Providing only for their immediate need will do little to reduce future homelessness. Many homeless persons need more than shelter, and would gratefully repay society for this investment through their increased productivity. In addition to receiving shelter, clothing, food, and medical care, homeless persons must be supported in their efforts to live more independently. This investment will have to take the form of an investment in training, counseling and direct care for longer periods of time.

b. Strategy Development. MSHDA believes that local shelter and service providers know best how to meet their own needs, and that they will be better prepared to meet these needs if they work together. HUD, MSHDA, other state departments, as well as statewide advocacy organizations have been inviting communities to unite,

conduct needs assessments, analyze their strengths and weaknesses, and "frame" their continuum of care. Many localities have shown excellent progress, not the least of which are several of the largest cities in the state that have made great progress.

Much of our current effort grows out of the collaboration of a high-level inter-agency working group -- the "Michigan Team" -- which has been working together since 1996. This group also gave birth to an "Interagency Collaborative Committee on Supportive Housing and Homelessness" -- a product of the State's involvement in forming a working team to respond to the HUD-sponsored "Policy Academy" process focused on chronically homeless adults in 2001-2002. While much of the leadership of this Interagency Collaborative has exited from State government as a consequence of executive transition in state government over the past two years, the blueprint that this group had laid out continues to inform and energize our statewide strategies and commitments.

At the state level, the Statewide Continuum of Care planning body, the Michigan Homeless Advisory Board (MHAAB) prepared the 2004 Statewide Continuum of Care plan. A critical element of our current strategy is to improve our strategies for data development and to orchestrate a better coordinated statewide count of chronically homeless adults. Other core elements of our updated long-term strategy are outlined below:

1. Support Efforts to Continue to Develop State-Level Policy and Strategies for Ending Chronic Homelessness.
2. Develop Collaborative Models and Cross-Systems Initiatives to Increase Linkages of Housing to Services and Support
3. Expand Supply of Supportive Housing
4. Enhance Local Capacity for Response
5. Develop Strategies for Increasing Access to and Use of Mainstream Resources
6. Improve Strategies for Data Development, Planning, and Program Evaluation
7. Expand Training and Technical Assistance

Given the large number of individuals and families who go in and out of homelessness every year and the need for supportive services in addition to permanent affordable housing, a high priority has been assigned to homeless individuals and families under Goal 4.

An underlying premise of the Statewide Continuum of Care is that temporary shelter beds address the symptom and not the underlying need. In order to successfully improve the condition of the homeless and to decrease the likelihood of recurring episodes of homelessness, it is necessary to provide extensive services in conjunction with shelter. Consequently, homelessness prevention and transitional and permanent housing providing service components will be primary activities pursued by the state under Goal 4. Maintaining or expanding existing emergency shelter space will be a secondary activity.

c. Investment Plan. Homelessness is a complex problem, which needs an emergency response that can best be achieved at the state and local levels. The state alone cannot eliminate homelessness, nor guarantee that everyone in need of emergency shelter assistance will receive it. But by working in partnership with the private sector, local communities, and the federal government, the state can seek to assure that programs designed to assist individuals and families are effective and responsive to local needs.

With the availability of federal funds, state agencies have responded to the needs of the homeless in

a variety of ways, developing programs for the prevention of homelessness, emergency services and shelters, supportive services, and permanent housing. In addition, innovative programs, such as the Supportive Housing Demonstration, have been developed to expand the supply of affordable housing. These programs blend a variety of funding sources with the expertise and experience of state agencies, for-profit and nonprofit developers, lenders, and communities.

During FY05-FY09, the state will continue its efforts to support existing emergency shelters and service providers with funds for rehabilitation, essential services, homeless prevention, and operating expenses to maintain emergency shelter capacity adequate to meet the immediate needs of homeless individuals and families. Specifically, funds based partly on the demand for such support will again be targeted toward those facilities, which demonstrate the greatest need and capacity to efficiently utilize limited resources. At the same time, the state will actively look for ways to reduce the necessity for emergency shelter through the funding of transitional and permanent affordable housing, particularly as it relates to the linkage of housing with support services as described under Goal 5.

The state will also endeavor to pursue the following programmatic resources during the next five years. Program availability depends on the extent to which funds are authorized and appropriated. The five-year projections contained in this report are simple estimates that assume a constant funding level for federal housing programs. Where appropriate, the state has provided specific budget information and goals based on funds available during the current fiscal year, and as more information becomes available regarding the structure and the funding levels of federal housing programs, the State will revise and update its five year projections to the extent required by the consolidated plan process.

i. Federal Resources. The state anticipates receiving approximately \$2.8 million of Stuart B. McKinney funds through the FY05 Emergency Shelter Grant (ESG). These funds will be awarded through an allocation process to local continuum of care collaborative bodies. Up to 30 percent of their allocation can be used to fund homelessness prevention activities. If Emergency Shelter Grant funding remains constant through FY05-FY09, the State would anticipate receiving over \$14 million in ESG funds providing services for approximately 3,000 individuals, 1,800 families along with 500 beds.

ii. Private Resources. In the administration of state and federal funding, the state will continue to encourage the leveraging of other funding to maximize limited resources.

The Authority has committed \$5 million of its resources to provide additional funding for the ESG allocation process. An additional \$90,000 will be used for a Critical Needs fund for critical or one-time needs. The balance of Authority funds budgeted for the homeless will be used in conjunction with state and federal resources to address Goal 5.

iii. Geographic Distribution. Homeless funds are available statewide and will be offered through an allocation process to be determined.

iv. Service Delivery and Management. The state intends to continue its current method of distributing resources through a variety of mechanisms, each best suited to the funding source or particular need being addressed. The state will continue to rely on its housing finance agency, the Michigan State Housing Development Authority, to deliver the majority of housing programs of the state, including those both federally and state funded.

For example, the state's homeless shelter funding is administered by the Authority, in coordination with the Family Independence Agency(FIA), which also has funding for emergency needs available through its county offices. MSHDA is the state's lead agency in convening and coordinating the efforts of the Michigan Statewide Continuum of Care. MSHDA provides key staffing, leadership, and administrative support for activities associated with the Michigan Homeless Assistance Advisory Board (MHAAB) and the statewide Continuum of Care process. MSHDA's Homeless Programs Coordinator serves as the Continuum Chair and Facilitator.

The lead entity in Michigan's Statewide Continuum of Care planning process is MHAAB. This Advisory Board includes representatives from most of the state's agencies and programs engaged in response to homeless populations, including, Housing, Mental Health, Education, Corrections, Veterans Affairs, Workforce Development, Family Independence Agency, HOPWA/AIDS, Homeless and Runaway Youth, Domestic Violence, and Substance Abuse. Other members include representatives from statewide advocacy organizations, non-profit and homeless service providers, non-profit housing development agencies, banking, foundations, media, consumers, and local government. MHAAB takes responsibility for all key elements of the Continuum of Care planning process. As such, this group: a) collects statewide needs data, b) inventories existing capacity and resources, c) analyzes resource gaps and needs, d) assesses and establishes homeless program priorities, e) develops short and long term strategies and action steps for ending chronic homelessness and addressing homelessness in general, f) conducts an annual project development and prioritization process, g) reviews and assesses the impact of existing homeless resources, programs, and initiatives, and h) facilitates the efforts of our statewide network of locally-based Continuum of Care planning bodies.

The bureau at the Authority responsible for these homeless assistance programs is the Office of Community Development.

v. Table of Programmatic Resources. The following table summarizes the programmatic resources that the state anticipates will be available to address the need for affordable housing. Program availability, however, depends on the extent to which funds are appropriated. Additionally, individual programs may be mandated to provide services to a particular population and may have eligibility criteria. Therefore, not every individual and family in need of assistance will be eligible for all programs.

PROGRAM	AGENCY	PROGRAM DESCRIPTION	TYPE	
Adult Education for the Homeless	MDE	Provides assistance to state education agencies providing literacy training for adult homeless individuals.	State	
Critical Needs	MSHDA	Provides funding for critical or one-time needs of a shelter such as emergency rehabilitative services.	State	
Emergency Community Services Homeless Grant (ECSHG)	MDOL	Provides follow-up and long-term service to enable the homeless to make the transition out of poverty.	Federal	Community Action Agencies.
Emergency Food & Shelter	FEMA	Provides food, shelter, and support services to homeless people, and makes basic repairs to existing shelters or feeding facilities.	Federal	
Emergency Needs for Veterans	MVTF	Provides temporary assistance to Michigan veterans including food, shelter, clothing, utilities and medical assistance.	State	
Emergency Shelter Grants Funds	MSHDA	Provides funding for physical rehabilitation of existing buildings, operating expenses for emergency shelters, homeless prevention, and essential services.	Fed/ State	
Health Services for Homeless	DHHS	Provides grants for health care delivery to homeless.	Federal	
Homeless Children and Youth	MDE	Provides funding to state education agencies to develop and implement programs for the education of homeless children.	State	
Homeless Chronically, Mentally Ill Veterans	DVA	Provides discretionary funding to VA Medical Centers to furnish treatment and rehabilitation services to eligible homeless veterans with a chronic mental illness.	Federal	
Homeless Veteran Reintegration	DOL	Expedites the reintegration of homeless veterans into the work force by providing job training,	Federal	

Program		remedial education, basic literacy instruction, job counseling, referrals and other support services.		
Independent Living Services to Homeless and Runaway Youth	FIA	Provides services to homeless and runaway youth.	State	
Michigan Veterans Trust Fund	MVTF	Provides temporary emergency assistance grants for food, shelter, clothing, utilities, and medical assistance.	State	Honorably discharged veterans with a specified number of days active wartime service.
State Emergency Relief (SER)	FIA	Provides security deposits and first month=s rent, mortgage payments to prevent foreclosure, utility payments to prevent shutoff, and back rent to prevent homelessness.	State	Low-income households.
Veterans Domiciliary Care Medical Centers	DVA	Provides funding to convert surplus space in VA to beds for homeless veterans.	Federal	

5. Goal 5: Develop linkages between the housing and service sectors to provide greater housing opportunities for households with special needs.

a. Analysis. All citizens require housing that is safe, decent, and affordable. In addition, housing must be accessible.

The question of accessibility has a special impact on housing options for households with special needs such as the elderly, the frail elderly, persons with severe mental illnesses, the disabled, persons with HIV/AIDS, and persons with substance abuse problems. For these individuals and their families, accessibility can include availability, affordability, structural accessibility, accessibility in terms of location, and accessibility in terms of the range of supportive services that allows people to live as independently as possible.

i. Elderly persons. According to the 2000 Census, there were close to 795,583 "elderly households" in the state with owner occupants outnumbering renters by nearly 4 to 1. Some 25 percent, 209,542, of these "elderly households" were classified as having housing needs. For nearly all of these housing needy, 98 percent, the problem was one of affordability. Some 2205,000 households were paying more than 30 percent of their income for housing in 2000. Close to 2 of every 5 households was devoting more than 50 percent of their income to housing. The elderly are a significant and growing proportion of the State's population. In 2000, the number of households headed by a person 65 years or older statewide had increased to 780,014 households.

Apart from the housing needs generally associated with very low and low-income households, elderly households may also experience difficulty in maintaining their homes. Older homeowners tend to have older homes than average, which contributes to the need for more expensive home repairs in this age group. A survey¹ conducted by the Michigan Office of Services to the Aging found that among elderly households in Michigan:

- Twenty-six percent had homes are over 50 years old;
- Twenty-three percent had homes with poor insulation;
- Seventy-three percent were unable to make major repairs;
- Fifty-two percent have difficulty with minor repairs;
- Forty-two percent have trouble shoveling snow;
- Thirty-five percent need help with housework;

It is highly likely these percentages have increase in the last decade. These data suggest that in addition to rental assistance or an increased supply of affordable housing, some elderly households may benefit from a range of supportive services that provide them with the opportunity to remain in their homes or apartments for as long as possible.

ii. Frail Elderly persons. The "frail elderly" are a subset of the total population of people who are elderly. They are often more in need of housing with supportive services because they have

¹"1988 Comprehensive Plan on Aging," Michigan Office of Services to the Aging, Lansing, 1990.

conditions associated with the aging process, which impair their ability to perform instrumental or other activities associated with daily living. The instrumental activities of daily living (IADL) include such things as managing money, shopping, using the telephone, preparing meals, light housekeeping, and getting around the community. Activities of daily living (ADL) include daily hygiene, dressing, eating, tilting, and moving from a bed to a chair.

One method for estimating the proportion of people who are elderly and "frail" is age based. Most agencies that deal with persons who are elderly consider 75 the defining age for the advent of conditions associated with frailty. In Michigan, 163,705 households had a head aged 75 years or more; almost 30 percent (48,520) had a mobility or self-care limitation.

There are currently a number of facilities that can serve the needs of the frail elderly. Licensed nursing homes in the state can accommodate just under 47,000 persons. About three-quarters of the beds are located in metropolitan areas, while one-quarter are in the non-metropolitan areas of the state.

Homes for the Aged are a less intensive service facility offering room, board, and personal care for persons over the age of 60 years. Homes for the Aged in the state can accommodate 10,000 persons who are elderly and in need of personal care services. Just under 1,000 Home for the Aged beds are located in non-metropolitan counties. There are Home for the Aged facilities in only 41 counties in the state. Three metropolitan counties, Lapeer, Eaton, and Monroe, have no Home for the Aged facilities. Thirty-nine of the 58 non-metropolitan counties have no Home for the Aged facilities.

The Michigan Family Independence Agency manages the cases of some 9,100 adults in foster care facilities across the state. It is estimated that 40 percent, or approximately 3,600 are "geriatric clients."

Some private sector facilities have also been developed in recent years to serve persons who are elderly and in need of services. Because these facilities are not licensed, there is no reliable source of information on the size of the supply. Some are congregate facilities with meals and services included in the rent. The 1990 Census asked respondents to indicate whether the cost of meals was included in their rent. About 7,700 households in the state reported living in such a situation. Over 95 percent of the households reporting meals included in the rent lived in metropolitan counties. In fact, over half (54 percent) lived in either Wayne, Oakland, or Macomb Counties. Unfortunately, This data was not updated in the 2000 Census.

Other facilities serving people who are elderly have meals and services available but do not include the cost in the rent. In these instances "elderly householders" may participate in the service package on an ala carte basis, often in response to current needs. It is not possible to quantify the number of units that are available, but it is reasonable to assume that, like congregate housing and other specialized facilities, they are concentrated in the metropolitan areas.

Some people who are frail and elderly are assisted in their own homes. This includes persons receiving Home Help Services through FIA, In-Home Services funded through the Office of Services to the Aging and their network of regional Area Agencies on Aging along with their contract providers and in-home services provided through the MI Choice-Home and Community based Waiver program.

iii. Persons with serious mental illness. The research indicates that at any one time 10 percent of the population experiences an emotional illness or disturbance. This estimate yields a potential adult population of over 600,000 persons in the state. This estimate includes persons whose distress does

not interfere with the activities of daily living, stress for example, to persons who are determined to be dangerous to themselves or others.

Persons with serious mental illness are generally of low income with over 56% with incomes below \$10,000. CMHSP's indicated about 3,000 persons as residing in a homeless shelter or without permanent housing. Additional supportive housing as well as affordable housing is needed.

iv. Persons with developmental disabilities. The Michigan Developmental Disabilities Council (DDC) is organizationally housed in MDCH and is an advocacy group for the community of people with developmental disabilities. It advises the Governor and state agencies, negotiates with state agencies on behalf of its constituency, and builds capacity among public and private sector service providers. In these roles, it is a repository of information on the community of people with developmental disabilities.

According to DDC estimates that were derived from federal studies by Boggs and Henry and Gollay, as well as an analysis of prevalence rates, indicate there are between 150,000 and 176,000 non-institutionalized developmentally disabled persons -- persons with mental retardation, cerebral palsy, autism or epilepsy -- in the state. Between 100,000 and 125,000 are adults. It is estimated that 10 to 12 percent of the adults are 65 years of age or older.

Since 1970 the number of persons with developmental disabilities living in state centers has declined dramatically from 12,500 persons to less than 300 statewide.

Some persons with developmental disabilities who currently reside in specialized, or independent residential settings are capable of living more independently if suitable housing and supportive services were to be available.

Affordability and the assurance of support services is a major problem in securing independent housing to meet the needs of the people with developmental disabilities. Most are not employed, either full or part-time. Over 75 percent of CMHSP consumers with developmental disabilities have below \$10,000 per year and only about 8% are employed full time.

In addition to the issue of affordability, however, there is also the need for housing that is both physically adequate and accessible so as to accommodate limitations imposed by the specific disability. The vulnerability of people with disabilities makes safety factors of the neighborhood in which the housing is located of particular importance as well.

v. Persons with acquired disabilities. An accepted estimate of the total number of persons with acquired handicaps in the state is based on the incidence of persons with such characteristics among the general population of the United States. It is estimated that non-institutionalized persons with physical handicaps who have some degree of activity limitation account for 18.2 percent of the total U.S. population. Use of this percentage would indicate that in 2000 there were over 1 million persons with physical disabilities in Michigan.

Of these persons who experience some degree of limitation, a little over one-quarter are unable to perform their major activity. This represents approximately 250,000 persons statewide. Orthopedic

impairments are the major cause of activity limitations among the non-elderly. Two out of every 5 respondents with an acquired disability indicated at a Consumer Response Initiative Forum held in Michigan that they were in need of architectural modifications in their living setting.

The Census does provide some data on the number of persons among the working age population with a disability that affects their ability to work. While it can in no way be considered accurate to assume that a disability that affects the ability of a person to work translates into a disability that affects the ability of a person to live independently, there is at least some value in noting a disability that has the potential to limit performance in the work place among the general population. The presence of a work disability is likely to result in a decreased earning potential that would have an impact on the ability of the person to find affordable housing.

According to the Census data, in 2000 the civilian non-institutionalized population of the state between the ages of 16 and 64 was just over 6 million. Of this sub-group 11 percent, about 678,000, identified themselves as having a work disability. Four out of 5 of the persons with a work disability lived in a metropolitan county. By definition, a work disability is not a temporary condition, but rather is a health condition, which has persisted for 6 months or more and has limited the kind or amount of work that the person can do. The term health condition includes both mental and physical conditions.

In addition to disabilities that interfered with the ability to work, the Census asked persons 16 to 64 if they had a medical condition that interfered with mobility or caused a self-care impairment. Just under 134,000 persons indicated that they had a medical condition that affected mobility. About 1 in 7 of these persons lived in non-metropolitan areas. Some 185,000 persons indicated the presence of a health condition that impaired their ability to perform some activity of daily living. About 13 percent of these lived in non-metropolitan counties.

Another way to measure the number of persons who have a handicap that prevents them from securing affordable housing for independent living is to examine the number of persons who receive Supplemental Security Insurance (SSI) benefits because of a disability. SSI is available to persons who do not otherwise qualify for Social Security benefits. Because of the restrictions imposed on participation in the program, recipients of SSI have limited incomes, as well as limitations on assets. In order to receive SSI assistance based on disability, a person must be unable to secure substantial, gainful employment. That is, they are unable to find and maintain employment that will allow them to earn more than \$500 a month. Their disability must also be considered permanent and not temporary. The receipt of benefits requires that a person be disabled for at least a year. While it is presumed that these persons are capable of living independently, the modest amount of the grant could be indicative of a housing need based on the criterion of affordability.

vi. Persons with substance abuse problems. State estimates of the prevalence of substance abuse indicates that as many as one in seven (1.3 million) persons statewide may have a problem with legal or illicit substances. In 2000, the State recorded some 60,000 admissions to substance abuse treatment programs. For those admitted, alcohol is the drug of choice, accounting for almost half (48 percent) the total. Marijuana/hashish users was second with 17 percent, followed closely by heroin at 13 percent and cocaine use, including crack cocaine at 12 percent of those admitted for treatment. Other drugs, such as opiates, prescription drugs, hallucinogens and amphetamines each accounted for two percent or less of the total admissions.

vii. Persons with HIV/AIDS and related diseases. The 2000 Epidemiologic Profile of HIV/AIDS in Michigan, prepared by the Michigan Department of Community Health, estimates that there are

10,833 people living with HIV/AIDS in the state. This prevalence (total living cases, old and new combined) has been stable, however the drop in HIV related mortality in requires that these estimates be re-evaluated. If HIV incidence (new cases) does not decrease then prevalence will increase since more infected persons are living longer.

Currently, persons with AIDS have lived in all counties in the state compared to 5 years ago when 8 of the 83 counties had no reported cases of AIDS. The 13 counties of Wayne (including Detroit), Oakland, Kent, Ingham, Genesee, Washtenaw, Kalamazoo, Berrien, Calhoun, Jackson, Allegan, Saginaw and Van Buren all have rates of HIV/AIDS above half of the highest county rate. These 13 counties are referred to as high prevalence counties and account for 84 percent of the people living with AIDS, but only 60 percent of Michigan's population.

Of the total number of persons with reported cases of AIDS, 77.3 percent are males. 57.3 percent are non-Hispanic blacks, while some 36.9 percent are non-Hispanic whites. Persons of Hispanic origin accounted for only 3.9 percent of the reported cases. Some 41 percent of all of the persons with reported cases of AIDS were between the ages of 30 and 39 when the report was made. 24.8 percent were between the ages of 20 and 29 and another 22.7 percent were between 40 and 49 years of age. Only 3.6 percent were under the age of 20 and 7.7 percent were over the age of 50.

Research suggests that individuals with AIDS and HIV need a continuum of care to meet their housing needs including (1) independent living with and without support services that are long term, (2) emergency shelters that are short term, (3) independent living with ongoing assistance including rental assistance and housekeeping, (4) congregate supportive living where residents are capable of most self-care, (5) congregate supervised living (often critical for drug treatment on a short term basis, or long term assisted living for persons with vision or ambulation problems, and some emotional/mental disorders and weakness), (6) critical care with 24 hours nursing home supervision, (7) step-down units where patients are medically stable but need sub-acute medical care and 24 hour supervision, and (8) hospice care.

Given the large need for supportive services in addition to permanent affordable housing, a high priority has been assigned to homeless individuals and families under Goal 5.

b. Strategy Development. The preceding analysis suggests that state and local programs should assist special needs populations, such as the elderly, and must emphasize persons with disabilities and substance abuse problems. For these individuals and their families, accessibility can include availability, affordability, structural accessibility, accessibility in terms of location, and accessibility in terms of the range of supportive services that allows people to live as independently as possible.

There are a number of facilities and services in the state for people with disabilities, developmental disabilities as well as acquired disabilities, and mental illnesses including:

- Independent Living Services: A Michigan Family Independence Agency (FIA) program to restore or maintain independent living for people who are aged, blind, or have disabilities and receive SSI or Medicaid. Services are provided in the home setting. Services to people with physical disabilities are a part of this program, which provides for the purchase of home modifications and assistive devices.
- Adult Community Placement. A Michigan Family Independence Agency (FIA) services program that helps persons who have functional impairments to access services that will allow

them to live in residential settings other than their own homes. These residential facilities may include adult foster care, Homes for the Aged, and nursing homes.

- Adult Foster Care (ARC). Department of Labor and Economic development (DLEG) licenses, inspects, and provides oversight of adult foster care facilities for people who are aged and persons with developmental disabilities, physical disabilities, and mental illnesses. More than 4,300 facilities serve a population of some 31,000 residents.
- Centers for Persons with Developmental Disabilities. There are two MDCH state operated centers which provide services to persons with the most severe level of disabilities; less than 300 persons are currently living in these centers.
- State Psychiatric Hospitals. There are four adult psychiatric hospitals for persons with mental illness with a census of under 1,000 in September 1999.
- General Nursing Homes. Privately owned nursing facilities are sometimes home to persons with developmental disabilities who also have physical impairments. About 2,000 persons with mental retardation and other physical disabilities are estimated to be living in nursing home facilities.
- Specialized Residential Smallgroup Home Programs. All CMHSP's administer programs, which provide housing along with support services including in-home services for persons with mental illness and/or developmental disabilities. These are all licensed AFC homes and many are also certified as specialized service providers. In FY 05, over 20,000 persons resided in these settings; an additional 3,000 persons received services in semi-independent residential/support programs. With appropriate supports, many of these persons are capable and desire permanent, non-group home living arrangements.
- MI Choice Home and Community Based Waivers. Serves persons who are 18 and older who have functional disabilities that are at the nursing home level of care. There are over 8,700 persons served with these waivers in 2004.

c. Investment Plan. The question of accessibility has a special impact on housing options for households with special needs such as the elderly, the homeless, and people with disabilities. For these individuals and their families, accessibility can include availability, affordability, structural accessibility, accessibility in terms of location, and accessibility in terms of the range of supportive services that allow people to live as independently as possible.

The state has substantially enhanced its coordination of resources in order to accomplish this goal. The Michigan Team is an example of coordination efforts at the state level. The Michigan Team consists of MDCH and MSHDA executive staff, consumer representatives, nonprofit housing and service provider representatives and agency staff responsible for program implementation for housing and services for people with mental illness, substance abuse, disabilities, and/or homelessness. It was formed through mutual participation at a 1997 conference sponsored by the NASMHPD (National Association of State Mental Health Program Directors). The group's purpose was originally to follow through on goals established at the conference. It has continued to move beyond the original goals and undertake mutual projects that will further the ability of low-income mental health consumers and people with disabilities to access and maintain affordable housing with appropriate support services. The group meets bimonthly or more often as needed.

The state will endeavor to pursue the following programmatic resources during the next five years. The state, where feasible, may support applications for these programs and resources from eligible nonprofits and other entities when the application is not limited to such entities. However, when the state is also an eligible applicant, it may take the lead and apply directly for funding.

Program availability depends on the extent to which funds are authorized and appropriated. The five-year projections contained in this report are simple estimates that assume a constant funding level for federal housing programs. Where appropriate, the state has provided specific budget information and goals based on funds available during the current fiscal year, and as more information becomes available regarding the structure and the funding levels of federal housing programs, the State will revise and update its five year projections to the extent required by the consolidated plan process.

i. Federal Resources. MSHDA administers approximately 600 Section 8 project based vouchers. The vouchers will provide rental assistance to families participating with a supportive housing service provider. The rental assistance is linking housing assistance with supportive services for those most at risk, persons with disabilities and the homeless.

MSHDA administers 200 Section 8 Certificates/Vouchers in Oakland County; Allegan County; and Kalamazoo County under HUD's Mainstream Housing Opportunities for Persons with Disabilities Program (i.e., Mainstream Program). This program provides rental vouchers to enable persons with disabilities to rent affordable private housing of their choice. MSHDA has partnered with Community Mental Health agencies to assist individuals gain access to supportive services available within the community, identify public and private funding sources to assist participants cover the costs of modifications that need to be made to their units as a reasonable accommodation; provide technical assistance to owners for making reasonable accommodations or making units accessible.

It is the state's intent to apply, or encourage and support the application by eligible applicants, for any transitional or permanent housing for the handicapped homeless or persons with AIDS or any successor McKinney programs which will expand the resources available to shelter individuals and families on a more semi-permanent or permanent basis.

Michigan's HOME Investment Partnership Program has allocated significant HOME funds for programs that develop linkages to assist persons requiring additional accommodation and/or supportive services, especially homeless individuals, families in transition, and persons with disabilities. These programs include:

The Supportive Housing Demonstration. MSHDA has allocated \$4 million of Michigan's estimated FY05 HOME allocation to the Supportive Housing Demonstration to provide financing for supportive housing developments that serve persons with disabilities. Approximately 150 units of supportive housing will be developed with these funds.

- MI HOME (More Independence through HOME). MSHDA has allocated \$200,000 of Michigan's estimated FY05 HOME allocation to the MI HOME program, which provides grants to nonprofits developing 1 to 4 unit rental projects to provide permanent rental housing for persons with disabilities. It is projected that this allocation will support the development of approximately 20 units. The MI HOME program combines appropriately designed and affordable rental units with necessary support services in independent living situations.
- HOME Choice. The HomeChoice program grew out of initial efforts by the Michigan Home Ownership Coalition beginning in 1995 to develop a pilot mortgage lending program in southeast Michigan for people with disabilities who do not meet traditional underwriting criteria.

The Coalition includes people with disabilities and their advocates, local service providing agencies, service funders, banks, nonprofit housing agencies, and state agencies, including MSHDA and MDCH. Borrowers receive mortgages through local banks. Nonprofit service providers often assist borrowers in preparing for home ownership and selecting property to purchase. Fannie Mae purchases HomeChoice loans, which are made by participating lenders. MSHDA provides down payment assistance. Support services are available through local service providers, often funded through resources originating with the Department of Community Health. MSHDA has allocated \$200,000 of FY05 HOME funds for downpayment assistance for people with disabilities participating in this program.

- ii. Private Resources. In the administration of state and federal funding, the state will continue to encourage the leveraging of other funding to maximize limited resources.

MSHDA has also committed to spend approximately \$5 million of its own reserves during FY05 for housing programs that provide for the acquisition, rehabilitation, or new construction of housing for the homeless. A limited amount of this funding may be available for the expansion or improvement of shelters, but FY05 resources are priority for proposals that seek to provide more permanent solutions to homelessness. If current levels of federal appropriations for affordable housing are maintained, MSHDA expects to be able to continue to provide reserves for permanent housing for homeless individuals. Projections beyond FY05 are difficult to estimate, given the current uncertainty in federal appropriations. All of these units are likely to assist households with incomes of 30 percent or less of area median income.

- iii. State Resources. The Department of Community Health administers a federal grant under the McKinney funded PATH Program. These projects serve persons who are homeless and mentally ill by providing outreach and engagement, immediate housing support during crisis, case management services, and linkage to mental health and support services. A portion of the state funds is available through the MDCH Housing Assistance Fund to community mental health programs, which do not have a PATH Project in their area, to provide funds for immediate housing of eligible individuals in their area. FY05 funding for the PATH and the Housing Assistance Fund totals \$1.9 million.

- iv. Geographic Distribution. The resources to address Goal 5 are generally available on a statewide basis, with the exception of the project based voucher rental assistance program, which are only available in selected target areas. The funding of HOME assisted projects in communities which receive direct HOME funding are subject to a match of the state's HOME funds by the local jurisdiction, except the CSH and MI HOME program which does not require a local match.

- v. Service Delivery and Management. The state intends to continue its current method of distributing resources through a variety of mechanisms, each best suited to the funding source or particular need being addressed. The state will continue to rely on its housing finance agency, the Michigan State Housing Development Authority, to deliver the majority of housing programs of the state, including those both federally and state funded.

The regular meetings of MICH and MHAAB, and the Michigan Team have enhanced the coordination of the state's resources to address Goal 5. The Authority is the primary housing delivery mechanism for the various resources, but is working in close cooperation with the Michigan Department of Community Health in its administration of the Shelter Plus Care program and in the Supportive Housing Demonstration. Notices of the availability of additional federal resources in FY05 will be reviewed to determine the appropriate state agency to apply.

The various MSHDA bureaus responsible for the implementation of the other programs identified in the investment plan are:

Office of Existing Housing

Mainstream Housing
FSS

Office of Multifamily Development
in conjunction with FIA and MDCH

MI HOME
Supportive Housing Demonstration
HOME Choice

vi. Table of Programmatic Resources. The following table summarizes the programmatic resources that the state anticipates will be available to address the need for affordable housing. Program availability, however, depends on the extent to which funds are appropriated. Additionally, individual programs may be mandated to provide services to a particular population and may have eligibility criteria. Therefore, not every individual and family in need of assistance will be eligible for all programs.

PROGRAM	AGENCY	PROGRAM DESCRIPTION	TYPE	ELIGIBLE APPLICANTS
Family Self-Sufficiency Program	HUD	Provides rental assistance to families participating in comprehensive job training, education, or other necessary services to lessen their dependence on public housing.	Federal	Any Housing Choice Voucher (HCV) participant is eligible.
HOME CHOICE	MSHDA	Provides downpayment assistance to persons with disabilities in the purchase of a home.	Federal	Income eligible persons with disabilities.
Mainstream Housing Opportunities for Persons with Disabilities	MSHDA	Targets 200 Section 8 certificates/vouchers to four Supportive Housing Demonstration sites to provide rental vouchers to enable persons with disabilities to rent affordable private housing of their choice.	Federal	Income eligible persons with disabilities.
MI-HOME	MSHDA	Provides financing for 1-4 unit developments for persons with disabilities.	Fed/ State	Nonprofit organizations.
PATH	MDCH	Provides assistance for outreach case management, mental health and substance abuse treatment and supportive housing for the homeless mentally ill.	State	
Shared Housing	MDCH/ OSA	Provides transitional housing for older persons where at least two unrelated persons share common areas but maintain separate sleeping and bath areas.	State	
Shelter Advisors	MDCH/ OSA	Employs older workers to provide localized information about services for energy assistance, housing, home safety and repair, chore services, legal assistance, visiting nurses and transportation.	State	Advisors must be at least 55 and be low income, and recipients of assistance can be any senior.
Shelter Plus Care	MDCH	Linkages between housing and service sectors.	Federal	
Supportive Housing Demonstration	CSH/ MSHDA/ MDCH	Is designed to respond to the pressing housing needs of homeless persons with supportive services needs. Builds the capacity of nonprofit organizations in four demonstration sites to develop	State/ Federal	Nonprofit organizations.

		and operate supportive housing.		
Supportive Housing Program	HUD	Provides permanent and transitional housing assistance in developing community-based, long-term housing and supportive services for projects housing not more than eight handicapped people who are homeless and at risk of becoming homeless.	Federal	Shelters, Nonprofits, and PHA's.
Transitional and Permanent Housing	MSHDA	Development, expansion, and continual operation of transitional and permanent housing programs.	State	
Project Based Housing Vouchers for Permanent Housing	MSHDA	Development, expansion, and continual operation of permanent housing programs for persons most in need using project based housing choice vouchers.	Federal	

6. Goal 6: Establish a suitable living environment and expand economic opportunities for low and moderate income people through economic and infrastructure development.

In response to priority community and economic development needs, the Michigan Consolidation Plan supports the overall goals of community development and planning programs by directing resource toward establishing a suitable living environment and expanding economic opportunities for low and moderate income people. Based on these overall goals, the state has identified a long-term programmatic objective and strategy for community development and economic development.

a. Long Term Objective and Strategy: Enhance economic development efforts in Michigan's small communities through assistance to private business in creating and retaining jobs for Michigan workers. This long term objective is meant to support the efforts of counties, cities, villages, and townships in providing direct and indirect assistance to for-profit private business firms in starting up, locating, or expanding in small communities. This is accomplished through grants for public infrastructure, job training efforts serving private business firms, and loans to private business firms tied to economic development activities. This objective also lends support for economic development planning efforts when such efforts are likely to result in the creation and/or retention of jobs in the private business sector. In all cases, at least 51 percent of the jobs will be held by or made available to low and moderate-income persons at time of hire.

Under the Annual Action Plan, an Economic Development Infrastructure Program, Economic Development Loan Program, Economic Development Planning Program, Downtown and Gateways, Discretionary Economic Development Grants and Loans, and Broadband Telecommunications Development are proposed. It is anticipated that some 50 economic development grants will be funded annually under these various programs resulting in the creation or retention of 2,000 jobs.

b. Short Term Objectives:

- Expand and refine the provision of specialized technical assistance to eligible general purpose local governments.
- Strengthen the capacity of local governments to identify and develop project proposals, apply for grant funds, and effectively administer and implement approved grant projects.
- Work to ensure the timely obligation of grant funds to communities and assist communities to implement and complete approved projects in a timely manner.
- Provide assistance and work to ensure that communities comply with program requirements.
- Encourage eligible communities to participate in the program especially those communities that have not previously received funds.

B. COMMUNITY AND ECONOMIC DEVELOPMENT NEEDS

This is the State of Michigan's plan, which identifies the non-housing community and economic development needs in Michigan with emphasis on the State's small communities (nonentitlement jurisdictions). Attention is given to both community development and economic development needs, missions/goals, short-term and long-term objectives, strategies, policies, and programs. This plan is for a period of five years.

Nonentitlement Jurisdiction Profile. Michigan's 2003 population was estimated to be 9.9 million. The population of entitlement areas amounted to 5.9 million or 59.6 percent of the total State population. The population in nonentitlement areas was 4 million or 40.4 percent. With a total state land area of 56,818 miles, the nonentitlement portion of the state contains 53,132 square miles or some 93.5 percent of the total land area. Michigan contains 1,883 general purpose local governments (83 counties, 279 cities, 275 villages, and 1,246 townships). Of the 1,883 local governments, 1,647 (87 percent) are located in nonentitlement jurisdictions. Of the 1,647 nonentitlement jurisdictions, 256 are classified as having 51% of the households with low and moderate income levels. Of the total population in nonentitlement areas, approximately 12 percent or 480,000 people are members of low and moderate income households.

Community Development Needs. In Michigan, as in many other states, there are high priorities and significant needs in both community development and economic development. Community development is primarily concerned with the physical, social, and organizational aspects of concentrations of people with in communities. The focus of this program is to strengthen and improve their quality of life. Physical needs are public infrastructure and facilities needs including: water and sewer facilities (sanitary and storm sewer lines, mains, and wastewater treatment, sewage treatment, and water filtration plants) streets, roads, and bridges, public facilities and buildings (police, fire, community centers, senior citizen centers, and other governmental services), utilities (gas, electric, and broadband service), dams, dikes and flood control facilities, parking facilities, sidewalks, lighting, malls, parks, playgrounds and other recreational facilities, and land acquisition for the facilities listed above.

For public infrastructure and facilities, there are two perspectives of needs. First, there are communities that lack particular public works or facilities. There are potential users, but no facilities presently exist in the area. There are other communities that have the needed public infrastructure, but the infrastructure is antiquated or deteriorated and badly in need of rehabilitation or replacement. All local communities have public works need that are not being addressed because of financial constraints and limited resources. Maintenance alone is a demanding and almost overwhelming job.

Only general estimates are available of the specific number of projects needed and the actual dollar magnitude of need. As current public infrastructure systems age and continue to deteriorate and growing communities continue to expand and develop, maintenance and replacement costs increase. Establishing equitable and appropriate public policies and program priorities becomes more important since the dollar magnitude of needs continues to increase compared to the stable or decreasing level of public funding resources available to meet those needs.

Economic Development Needs. Economic development continues to be a top priority in Michigan. Economic development has been defined as increases in real per capital income over an extended period of time resulting in a strengthened and improved quality of life. Economic development has also been defined as the maintenance and expansion of a

community's economic base so it remains stable and diversified, operating at almost full capacity, has high value added, provides high quality jobs with very small levels of unemployment and underemployment, and has an increasing level of productivity as measured by increases in real gross product. The Michigan economy is moving from an industrial/manufacturing economy to a service economy that is more interdependent with the national economy, more sensitive to national economic trends, shifts, and cycles, and more global in terms of imports, exports, and product markets.

More demands are being placed for a higher quality work force with sufficient expertise and training to contribute and compete in the developing high technology and service based economy. Higher quality job training is becoming more important.

In determining the appropriate and effective role of state government in economic development, attention is usually given to the state as catalyst, promoter, fosterer, and expeditor. As an agent encouraging economic development and growth of private sector business firms, the state also regulates and taxes businesses. In its role as economic development catalyst, there are three areas of emphasis including retaining and improving the economic base, promoting expansions, relocations, and new initiatives, and working with local governments, local economic development organizations and related entities in fostering local economic development initiatives.

The Michigan economy is composed of some 230,000 private business firms ranging in size from one to 250,000 employees with a total work force of 4.6 million people. Michigan is often characterized as one of the larger industrial states with an emphasis on durable manufacturing and the center of American automobile production. Twenty-two percent of the Michigan labor force is in manufacturing while 78 percent is employed in commercial, retail, service, and government. In 2000, earnings of persons employed in Michigan were \$232.9 billion and total personal income was \$267.8 billion. In August, 2004, the State's unemployment rate was 6.7 percent, which was slightly above the national rate 5.4 percent.

The State's economic development goals are: (1) retain, expand, and attract good jobs; (2) continuously improve Michigan's business climate; and (3) grow Michigan Businesses for the future. The goal to retain, expand, and attract good jobs includes:

- Michigan continuing to be a national leader in the attraction and expansion of business facilities;
- Maintain the nation's largest business retention program and expand business attraction success rates;
- Propose and implement creative solutions to increasing the number of skilled workers; and
- Promote tourism by placing the state as a tourism point of destination and maximize the use of the State's Great Lakes asset.

The goals to improve Michigan's business climate include:

- Reduce State personal income taxes to provide a more attractive environment in which to recruit and retain executives and workers;
- Advocate and monitor State initiatives to deregulate the electric utility industry to provide more competitive rates for Michigan businesses; and

- Advocate and manage innovative economic incentives for business locations and expansions such as the Michigan Economic Growth Authority and Renaissance Zones.

The goals to grow Michigan businesses for the future include:

- Accelerate the growth of technology-based jobs including initiating statewide technology parks;
- Implement and refine a worldwide marketing campaign; and
- Develop a comprehensive strategic plan that outlines the most important risks, opportunities, and recommended solutions for achieving long-term economic growth.

It is estimated that currently there are almost \$7.5 billion in community and economic development infrastructure needs in nonentitlement areas in Michigan. These estimates are shown in the following table and are based on an updated 1992 survey conducted by U.S. Department of Commerce, Economic Development Administration and updated for inflation.

ESTIMATES OF INFRASTRUCTURE NEEDS
IN
MICHIGAN NONENTITLEMENT AREAS

<u>Category</u>	<u>\$</u> <u>(Billions)</u>	<u>Percentage</u>
Transportation and Related Facilities	\$3.5	46.7%
Water and Sewer Facilities	2.2	29.3%
Buildings and Facilities	1.3	17.3%
Other (Downtown Development, Recreation, Ports, Harbors)	<u>0.5</u>	<u>6.7%</u>
Total	\$7.5	100.0%

C. INSTITUTIONAL STRUCTURE AND INTERGOVERNMENTAL COOPERATION

1. Description

a. Public Institutions

- **Michigan Department of Civil Rights.** This state agency is responsible for investigating complaints filed on the basis of discrimination by sex, race, religion, handicapped status, etc. Housing discrimination cases are a priority within the Department of Civil Rights.
- **Michigan Department of Labor and Economic Growth, Securities & Land Division.** A state consumer agency, this section of the Department of Consumer & Industry Services publishes both the condominium buyers and mobile home buyers and residents handbook regarding the law that governs condominium and mobile home developments in Michigan.
- **Michigan Department of Labor and Economic Growth, Financial Institutions Bureau.** The Financial Institutions Bureau regulates banks and other financial institutions in the state and investigates complaints of violations of the Civil Rights and Equal Credit Opportunity Acts by these institutions.
- **Michigan Family Independence Agency, Financial Assistance Programs.** The FIA administers the Family Independence Program, an income assistance program. Targeted to low income families and seniors, this state agency also administers federal weatherization money through the local Community Action Agency program. It is responsible for monitoring performance and developing guidelines for the programs such as weatherization.
- **Michigan Department of Natural Resources.** The Michigan Department of Natural Resources is the state agency responsible for administering all tax delinquent property reverted to the state.
- **Michigan Department of Community Health.** The MDCH was created by Executive Order 1996-1 and consolidated the Departments of Public Health (including substance abuse services), Mental Health and the Medical Services Administration (Medicaid program). Subsequent Executive Orders transferred the Crime Victims Services Commission and the Office of Drug Control Policy as well. Through the mental health and substance abuse services component of MDCH, a network of local community mental health services programs and substance abuse services through local coordinating agencies are administered through contractual arrangements.

MDCH also houses the **Office of Services to the Aging (OSA)**, the designated state agency on aging under the Older Americans Act which advocates for the elderly, performs research on their needs, and develops and oversees services for older adults statewide. In addition to housing, program areas include but are not limited to personal care, homemaker services, care management, senior center staffing, nutrition, legal services, long-term care ombudsman.

- **Michigan Department of Treasury.** The state financial agency that acts as the administering agency for both the Home Heating and Homestead Tax Credit. Such tax credits are offered to meet the needs of senior citizens and low income households.

- **Michigan State Housing Development Authority.** A housing finance agency that has many programs for low and moderate income people. Multifamily housing finance, single-family housing finance, and community development programs are part of the services that MSHDA provides. MSHDA specifically provides low-interest mortgage loans for new construction or rehabilitation, and administers federal income tax credits on mortgage interest, federal rental assistance, funds for improved neighborhood housing, and funds for homeless shelters.
- **Michigan State Police, Fire Marshal.** A public safety agency that serves the general public by administering and enforcing the fire safety code. It also provides information on fire safety and prevention for homeowners and renters.
- **Mobile Home Commission.** A public housing agency helping mobile home owners and residents by investigating complaints against mobile home dealerships, parks, and manufacturers. The agency regulates parks, licenses, permits, and publishes a handbook on the laws, which govern mobile home parks and residents in Michigan.

b. Intermediaries. Intermediaries are not-for-profit groups whose role is the nurturing of new public-private partnerships and the promotion of networking on the local, state, and national scene.

The usefulness of intermediaries is limited by their lack of exposure to the nonprofit housing development community. Once introduced to the community, the intermediaries can facilitate business participation by screening projects, assembling other funding partners, providing technical assistance, and spreading out the investment risks. The creation of a delivery system that will provide introductions for nonprofit housing developers to the intermediaries is critical. The strategy proposed includes the centralization of housing funding resources and will provide a referral and networking capability.

i. National Intermediaries. The 3 most prominent intermediary players nationally are the Local Initiatives Support Corporation (LISC), Neighborhood Housing Services, and the Enterprise Foundation. These 3 intermediaries have played active roles in the development and coordination of partnerships. They have also provided grants, loans, and technical assistance that enabled the partnerships to utilize other sources of funding. LISC, through its National Equity Fund, has provided access for several nonprofits to a pool of corporate investments through the Low Income Housing Tax Credit.

In addition, Fannie Mae, the Federal Home Loan Bank, and Freddie Mac have all introduced low and moderate income housing initiatives. These initiatives offer a variety of financing options that allow the use of grants, interest reduction, tax credit, and subsidy to achieve affordable housing for rental and sale. The Development Training Institute functions not only as an educational development entity but also provides a networking and sharing experience for nonprofit housing developers.

ii. State and Local Intermediaries. State and local intermediaries provide assistance to emerging organizations throughout the state. For example, the Michigan Housing Coalition offers a networking system to nonprofit organizations interested in housing and sponsors a variety of training and coordinating activities.

In the larger urban areas of the state, notably Detroit, local intermediaries are active. The Detroit Neighborhood Investment Corporation and the Detroit Economic Growth Corporation both were

created by the business community in Detroit to foster economic and housing development. The Detroit Economic Growth Corporation created Neighborhood Economic Development Strategies (NEDS) for 5 community organizations in Detroit. NEDS is a coordinated strategic planning process for each community with an ongoing implementation component.

c. Statewide nonprofit organizations and networks.

- **Michigan Housing Trust Fund.** The Michigan Housing Trust Fund is a private, nonprofit corporation created to aid in the production of affordable housing through loans and technical assistance.
- **Great Lakes Capital Fund for Housing.** The Michigan Capital Fund for Housing is a non-profit housing corporation that was formed in 1993 to raise and invest equity in affordable housing that is targeted to all or part of the following preferences: development in distressed areas, developments with non-profit ownership, projects less than 50 units, and projects that serve special needs populations.
- **Michigan Community Development Directors Association.** Michigan Community Development Directors Association (MCDDA) meets regularly and has over 114 participating members and an active housing committee.
- **Michigan Coalition Against Domestic Violence.** The Michigan Coalition Against Domestic Violence is a private coalition that is responsible for policy reform on housing related issues for victims of domestic violence. It provides technical assistance and a resource library available to the victims.
- **Michigan Coalition of Shelter Providers.** The Michigan Coalition of Shelter Providers is a private agency, which acts as a network of emergency shelter providers throughout the state. The Coalition serves not only shelter providers but the general public as well and is responsible for providing additional resources to new shelters and staff.
- **Michigan Community Action Agency Association.** The Michigan Community Action Agency Association acts as a liaison between the legislature and local community action programs (CAP). It is also responsible for providing educational resources to the local CAPs so that they can better serve those in the community who have special needs.
- **Michigan Habitat for Humanity.** A nonprofit agency which receives most of its funding from individuals, churches, corporations, and other organizations in order to benefit low income families and first time homeowners. As a Christian housing ministry, its goal is to eliminate poverty housing by building new houses.
- **Michigan Housing Coalition.** A nonprofit housing coalition, which serves the general public by providing advocacy for statewide housing issues. It also monitors housing programs and policies while acting as a resource network for organizations, individuals, and civic groups who assist with housing work. MHC offers a networking system to help nonprofit organizations interested in housing projects and sponsors training activities.
- **Michigan Legal Services.** A nonprofit legal agency, Michigan Legal Services provides legal assistance to low income individuals and families in the areas of housing, health, family, food and nutrition, and employment law.

- **Michigan Migrant Legal Assistance Project.** A nonprofit agency that provide legal assistance to migrant workers, including cases of housing discrimination.
- **Michigan Small Cities Association.** The Michigan Small Cities Association (MSCA) was formed in 1996 as a voluntary, grass roots organization of communities either receiving or eligible for CDBG or HOME funds from the State. MSCA became affiliated with the Michigan Community Development Directors Association (MCDDA) in 1998. The purpose of MSCA is to provide networking and training opportunities to its members and to work closely with funding organizations.
- **Sexual Assault Information Network of Michigan.** A public social service agency aimed at helping battered women and their children find shelter through the publication of its statewide directory. It also serves the needs of victims of domestics violence by providing information on various services available.
- **Michigan Community Economic Development Coalition.** A private organization that helps local community development groups by holding seminars and conferences on community development issues. It also aids local community development groups and provides technical assistance for organization and planning which will foster better economic conditions in the community.
- **Michigan Consumer's Council.** A private group, the Michigan Consumer's Council provides counseling to the general public regarding a variety of housing problems. It is also responsible for providing legislative analyses on housing and consumer issues as well as legislation.
- **Community Economic Development Association of Michigan.** The Community Economic Development Association of Michigan (CEDAM) is a private, nonprofit voluntary association of community development corporations (CDCs) and other members interested in expanding community based housing and economic development in Michigan. It has over 100 organizational members.
- **Michigan Economics for Human Development.** Aimed at migrant workers and their families, this private financial agency operates housing developments for the elderly, handicapped, and farm workers as well as providing housing subsidies. This agency is also responsible for weatherization programs, the presentation of education workshops, and the provision of emergency assistance around the state.
- **Michigan Protection and Advocacy Service.** A private mental health agency that assists individuals with developmental disabilities and mental illness. The agency focuses on the needs of individuals with severe and chronic mental or physical handicaps by providing information, education, and legal assistance.

d. Private Industry.

- **Michigan Housing Council.** The Michigan Housing Council (MHC) is a membership organization of housing development professionals including attorneys, architects, management agents, builders, and developers involved in the production of low and moderate income housing. The Council was primarily formed to encourage legislative action sympathetic to the development of affordable housing for the residents of Michigan. MHC has worked closely with the Michigan State Housing Development Authority in developing and refining new programs and making existing programs more responsive to the needs of the low income housing development community.

e. Local Communities. The state works cooperatively with local jurisdictions to address local housing needs. Through a variety of federal and state programs, local units of government can provide homeowner rehabilitation assistance, rental rehabilitation, and targeted neighborhood revitalization.

i. CDBG Housing. Communities which are eligible under the Small Cities Community Development Block Grant program apply to the state for 2-year grants to administer housing rehabilitation programs which benefit low and moderate-income households. Many communities use the CDBG funds in conjunction with resources such as the Farmers Home Administration, a local community action agency, the Michigan Family Independence Agency, or private funds to assure the maximum benefit and the broadest coverage of these federal funds. Communities which are entitled to receive CDBG funds directly from HUD are also major delivery mechanisms for housing rehabilitation and other programs that have a direct impact on the housing needs of low and moderate income households.

ii. HOME Rental Rehabilitation. Michigan communities can apply to the state's Housing Resource Fund through MSHDA's Office of Community Development for funding to improve investor owner properties. Many of the communities utilize MSHDA's Moderate Rehabilitation loan program in conjunction with their HRRP funds to address the rehabilitation needs of the rental stock serving low and moderate income households.

iii. Neighborhood Preservation. Neighborhood Preservation funding is made available through MSHDA's Office of Community Development. This component of the Housing Resource Fund is designed to assist local efforts to comprehensively address neighborhood revitalization in geographically defined target areas. It is designed to maximize community impact by funding neighborhood improvement activities, including small scale rental (1-24 units), in support of affordable housing in a targeted residential area to reverse patterns of disinvestment. Revitalization may occur through the use of infrastructure improvement, neighborhood beautification, demolition, and/or neighborhood marketing.

v. Public Housing Authorities. There are 124 local Public Housing Commissions in the state that provide low income housing options through public housing or rental assistance to tenants of privately owned rental housing.

vi. Regional Planning Commissions. The state is divided into 14 regional planning areas, which are served by commissions. In addition to planning responsibilities, several of these commissions also provide technical assistance in the application for and administration of housing funds. This function is particularly useful in rural areas where local units of government often lack the staff or administrative capacity to operate housing programs.

2. Overcoming Gaps

a. **Assessment.** Presently, 11 state agencies administer over 50 different housing related programs; yet, despite their number, the types of assistance provided are relatively few in number. Each program, however, shares a common goal of reducing the cost of housing to the renter or owner occupant. The types of housing assistance provided through the state include:

- **Rental assistance programs** provide direct assistance or assistance in locating affordable housing to individuals and families to meet their immediate need for housing.
- **Interest rate subsidies**, such as those provided by the Michigan State Housing Development Authority through the sale of tax-exempt bonds, offer below market interest rates for homeownership, home improvements, and the new construction or rehabilitation of rental housing through the sale of tax-exempt bonds.
- **Tax Subsidies**, such as the Homestead Property Tax Credit, the Low Income Tax Credit, or the Home Heating Tax Credit, help to ease the cost of housing for both owners and renters.
- **Grant and loan programs**, like those offered by the Michigan State Housing Development Authority, provide direct assistance to nonprofit developers working to improve their neighborhoods.

The existing institutional structure for the development of affordable housing in Michigan is a loosely knit network of governmental agencies, nonprofit community organizations, and private sector representatives that are fully capable of meeting the goals of the Michigan Consolidated Plan strategy.

The strengths of these institutions, collectively and separately, outweigh any weakness they may have. There are, however, a number of areas, which must be strengthened during the next year to assure that the affordable housing delivery system within the entitled areas remains as strong as it needs to be to respond to present and future housing needs.

First, there must be continued coordination and cooperation among state agencies in developing solutions to Michigan's need for affordable housing. State agencies need to work more closely with each other to understand how programs and administrative functions may overlap and to recommend changes that will not only make programs more efficient but that may also increase the amount of funding for program activities by reducing administrative overhead.

Second, there must be greater coordination and communication between state agencies, nonprofit community organizations, and the private sector. During the last 5 years, financial institutions, private for-profit developers, and nonprofit organizations have taken an active role in developing affordable housing opportunities in their communities and have much to contribute in developing solutions to the state's need for affordable housing.

Lastly, there must be a continued recognition of the role that nonprofit housing developers can play in developing affordable housing opportunities for extremely low income individuals and families, and efforts must be made to strengthen the capacity of such organizations and to encourage their development where they do not already exist.

b. Strategy to Overcome Gaps. The state has substantially enhanced its coordination of resources with the creation of an Michigan Team. The state will also continue to work to assure that there is greater coordination and communication between state agencies, nonprofit community organizations, and the private sector. MSHDA has developed a variety of informational resources providing technical assistance for Michigan non-profit and local units of government. Additionally, MSHDA has conducted a number of workshops regarding state and federal housing programs. It is anticipated that such efforts will continue during the next five years.

Lastly, the state will continue its effort to recognize the role that nonprofit housing developers can play in developing affordable housing opportunities and to strengthen the capacity of such organizations and to encourage their development where they do not already exist.

D. LOW INCOME HOUSING TAX CREDIT

MSHDA administers both the Low-Income Housing Tax Credit (LIHTC) and the HOME Investment Partnership program. Section III of this report details those areas in which the Authority has to integrated the LIHTC with other Authority programs to meet the housing needs reflected in the Michigan Consolidated Plan. Additionally, MSHDA assisted in the development of the Great Lakes Capital Fund for Housing, a fully formed equity fund in Michigan. In utilizing the LIHTC, the equity fund will enhance development of affordable housing in Michigan and further the goals of the Michigan Consolidated Plan during the next 5 years.

E. PUBLIC HOUSING

1. Management Initiatives

The state does not own or operate public housing in Michigan; consequently, no initiatives are planned in this area during this five year plan cycle..

2. Homeownership

Although the state does not own or operate public housing in Michigan, the state is actively working to study and promote resident initiatives through the work of the Michigan State Housing Development Authority.

3. Troubled Public Housing Authorities

Although the state does not own or operate public housing in Michigan, the state will work collaboratively with those public housing authorities that are 1) located in non-entitled areas of the state and 2) are determined to be troubled by the U.S. Department of Housing and Urban Development. Local, troubled public housing authorities may apply for the Michigan State Housing Development Authority's financial and technical assistance programs through its regular funding cycles. Proposals meeting the eligibility criteria will be give every consideration for funding.

F. MONITORING STANDARDS AND PROCEDURES

Every effort will be made to ensure that all units remain affordable and in compliance with the law for at least the full term required by the Act. It is anticipated that many of the units will remain affordable for perpetuity, especially when nonprofit developers own them.

Monitoring will occur in several different ways. Although, the state will be responsible for managing the day-to-day operations of its HOME, CDBG, ESG and HOPWA programs, local governments who operate such programs as rental rehabilitation, neighborhood preservation and homeownership type programs while using HOME and/or CDBG funds will be required to monitor these projects in accordance with Federal rules and regulations. Likewise, non-profits or local units of government operating ESG grants will be held to federal rules and regulations.

Quarterly reporting of program accomplishments will be required as will specific program milestones such as environmental clearance, audit, and close-out. At least annually, the activities of all local governments, non-profits, owners and others who participate in the HOME, CDBG or ESG programs will be reviewed by the state to assess compliance with the Federal requirements. The review will include a review of all books and records and on-site inspections to ensure that all units remain affordable, comply with local housing codes, housing quality standards, and income recertification requirements.

Most of the programs addressed by the Consolidated Plan are currently monitored through the various funding mechanisms already in place and often mandated by federal laws and regulations. The time frames for these programs are also similarly determined by the funding sources and market demand. The Michigan Broadband Development Authority will provide the management and monitoring of the Digital Divide projects, which include but are not limited to the A 133 audits, meeting of CDBG National Objectives and verification of program benefits, Prevailing Wage/Davis Bacon provisions, Relocation Act, if applicable, including project administration and all other applicable local, State and Federal rules and regulations. Progress reports on these programs will be obtained regularly for review and will be reviewed on at least a quarterly basis to determine if further program promotion, technical assistance, or program restructuring are necessary to assure successful implementation.

G. ANTIPOVERTY STRATEGY

Michigan's anti-poverty strategy has two major components 1) welfare reform and 2) economic development. During the past 5 years, MSHDA has worked with the Michigan Family Independence Agency and the Michigan Department of Community Health to restructure linkages between the affordable housing, social, and supportive service sectors. The welfare reform initiative, initiated in 1992, is based upon personal responsibility, time-limited assistance, and work for the receipt of benefits. The Family Independence Program (FIP) continues to help Michigan FIA recipients make the transition from welfare to work. Temporary Assistance to Needy Families (TANF) is the cash assistance component that helps families work toward their goal of total independence. MSHDA will work with the Family Independence Agency and the Michigan Department of Community Health to coordinate its housing services and other activities that help reduce the number of poverty-level families in Michigan. Through a number of community and economic development programs, the Michigan Economic Development Corporation promotes job creation in the private sector in all areas of the state.

H. CERTIFICATIONS OF CONSISTENCY

The Michigan State Housing Development Authority will continue to review applications for assistance made to HUD by local governments, local public housing authorities, and non-profit providers falling within the area of the state covered by the Consolidated Plan. The review focuses on whether the applicant's proposal addresses areas of priority need identified in the Plan and the consistency of the proposal with the relevant Plan strategy for responding to the need. The requisite certificate is then issued for inclusion with the applicant's request for funding assistance.

I. COORDINATION EFFORTS

A major priority of the Michigan Consolidated Plan is to enhance the coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies. In fact, Goal 5 of the Plan is to develop linkages between the housing and service sectors to provide greater housing opportunities to special needs populations.

For a complete discussion of the state's coordination efforts, please see the narrative discussion of Goal 5 in Section IV.

VI. ONE YEAR ACTION PLANS

MICHIGAN COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

1. Introduction

Under the Michigan CDBG Program, all projects must meet one of the following national objectives to be considered for funding:

- The activities will benefit persons of low and moderate income, as defined by Section 104(b)(3) of the Housing and Community Development Act and 24 CFR 570.483;
- The activities will aid in the prevention or elimination of slums or blight, as defined by 24 CFR 570.483; or
- The activities are designed to meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community which are of recent origin or which recently became urgent, where the community is unable to finance the activity on its own and where other financial resources are not available to meet such needs, as defined by 24 CFR 570.483.

2. Eligible Activities

Activities cited in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, are eligible for assistance.

COSTS OF PREPARING GRANT APPLICATIONS ARE NOT ALLOWABLE.

3. Eligible Applicants

Small cities, townships, and villages of less than 50,000 in population, and non-urban counties generally are eligible to apply for grants under the Michigan CDBG Program. There are over 1,600 eligible general purpose local governments and these governments are referred to as nonentitlement jurisdictions.

4. Ineligible Applicants

The following counties and their respective units of local governments are not eligible:

Genesee County (City of Flushing is the one community within Genesee County eligible to apply for Michigan CDBG funds)

Kent County (City of Cedar Springs is the one community within Kent County eligible to apply for Michigan CDBG funds)

Macomb County

Oakland County

Wayne County

Washtenaw County and the following units of government within the county (Ann Arbor City, Township of Ann Arbor, Bridgewater Township, Northfield Township, Pittsfield Township, Salem Township, Superior Township, and Ypsilanti Township)

The following Michigan cities are not eligible to directly apply or directly receive Michigan CDBG Program, but an eligible county may apply for CDBG funds for projects located in these cities:

Ann Arbor	Jackson	Muskegon Heights
Battle Creek	Kalamazoo	Niles
Bay City	Lansing	Norton Shores
Benton Harbor	Midland	Portage
East Lansing	Monroe	Port Huron
Holland	Muskegon	Saginaw

Indian tribes eligible for assistance under Section 107(a)(7) of the Housing and Community Development Act are not eligible to directly apply for or directly receive Michigan CDBG funds, but an eligible county or township may apply for Michigan CDBG funds for projects located on Indian reservations if the unit of general local government has the legal authority to fund such projects on Indian reservations and Indian preference is not provided.

5. Allocation of Funds

During the 2005 program year, the State expects to receive approximately \$42,915,247 from the U.S. Department of Housing and Urban Development (HUD) for the Michigan CDBG Program. The actual amount available may vary based on recapture and reallocation of other funds from previous allocations and the amount of program income received. In addition, the actual distribution of allocated or unallocated amounts may vary according to the demand for funds and fundable grant applications.

Funds received from HUD, recaptured funds, and program income for the program will be initially distributed as follows:

CDBG Category	Allocation	Program Income	Total
1. Economic Development Grants	\$31,145,842	\$2,000,000	\$33,145,842
2. Housing Grants	\$10,381,948		\$10,381,948
3. Administration and Technical Assistance	\$ 1,387,457		\$ 1,387,457
Total	\$42,915,247	\$2,000,000	\$44,915,247

Other Funds. In addition to funds available for distribution, as allocated to the State by the federal government for the 2005 program year, other funds may become available for distribution. Such other funds may include:

- Unobligated grant balances allocated to the State under any previous program year;
- Unexpended grant obligations recovered under previous grants; and
- Any program income returned to the State.

It is estimated that the State will receive approximately \$2 million in program income during the 2005 program year. These funds will be redistributed for eligible community development projects in accordance with requirements of the 2005 CDBG program guidelines.

COMMUNITY DEVELOPMENT BLOCK GRANT FOR HOUSING: ONE-YEAR ACTION PLAN

1. General

Under the County Allocation or Housing Resource Fund, as administered by MSHDA, CDBG funds may be used by a community to meet demonstrated housing needs. Activities eligible for funding include, but are not limited to:

- Rehabilitation for homeowner, homebuyer or rental;
- New Construction of rental or homebuyer; in participation with a qualified community-based organization;
- Acquisition including down payment assistance;
- Emergency Repair assistance (limited to 15% of funds for homeowner assistance);
- Replacement housing (where home repair is not cost-effective or feasible);
- Demolition in support of a housing program or neighborhood revitalization effort;
- Infrastructure improvements essential to an affordable housing project or program in a targeted neighborhood where at least 51 percent of the residents have incomes not exceeding 80 percent of the area median incomes;
- Public Improvements including acquisition, construction, reconstruction and/or rehabilitation (including removal of architectural barriers to accessibility) of neighborhood facilities;
- Beautification projects are eligible activities when proposed under a comprehensive neighborhood or community revitalization effort involving the preservation or creation of affordable housing. Beautification projects include, but are not limited to: landscaping, planters, creating or improving parking lots, and façade improvements;
- Rehabilitation and/or acquisition of buildings utilized to house the homeless;
- Applicants may propose to use up to 15% of their county allocation award for public services which are directly related to supportive housing; and
- An applicant may request up to a maximum of 18 percent of a funding request for general administration. **Costs of preparing grant applications are not allowable.**

CDBG housing funds may be awarded to the following local units of government:

- Michigan non-entitlement counties.
- Non-entitled local units of government with a population over 3,000.
- Non-entitlement local units of government with a population not exceeding 3,000 if there

is not a county-wide housing rehabilitation program in their county.

MSHDA has an allocation process for awarding non-entitled counties funding for housing projects. Because this program has historically been funded from CDBG funds, this process is discussed in more detail below.*

County Allocation Process. Counties are eligible for funding on a two year grant cycle. The amount of the county's allocation awarded will be primarily based on the county's population. For counties with entitlement communities located in the county, the populations of entitlement communities will be subtracted from the total county population. **Projected maximum allocations amounts are as follows:**

POPULATION		MAXIMUM AMOUNT *
0	- 5,000	\$100,000
5,001	- 10,000	\$125,000
10,001	- 20,000	\$150,000
20,001	- 30,000	\$175,000
30,001	- 40,000	\$200,000
40,001	- 50,000	\$225,000
50,001	- 60,000	\$250,000
60,001	- 70,000	\$275,000
over	70,000	\$300,000

***MSHDA may make exceptions to allocations based on performance of a grantee, significance of project impacts on the community, needs of the community, overall demand for funds, and/or based on the availability of funds. MSHDA may also choose to award a county HOME funds for their allocation, especially where CDBG funds are needed for projects for which CDBG is an eligible and more appropriate funding source.**

A county grant limit may be applied by MSHDA in counties where the county elects not to operate a housing program and more than one community within the county requests funding. Limits may be applied by MSHDA in the following amounts:

\$400,000: when individual community grant requests within the county exceed this amount, and the county population exceeds 60,000;

\$300,000: when the individual community grant requests within the county exceed this amount, and total county population is greater than 20,000 and less than 60,000; and

\$200,000: when the individual community grant requests within the county exceed this amount, and total county population is less than 20,000.

In the instance where a county elects not to operate a housing program, if more than one community within the county requests funding, the maximum grant award for those communities in total may be restricted to the maximum limit for that county, regardless of the population of those communities.

Housing Resource Fund. Additionally, some CDBG housing funds are used to support proposals by non-entitled local governments under the Housing Resource Fund. Activities

funded by the Housing Resource Fund include homeowner, homebuyer and rental assistance as eligible using HOME or CDBG funding.

2. Project Term

Funds for the County Allocation may be awarded as early as January 1, 2005. CDBG funds for the Housing Resource Fund are awarded following publicly announced application windows. Grant terms for 2005 funds will generally be two years.

3. Threshold Requirements

In order to be eligible for funding, communities must meet the following minimum requirements:

a. A Community Development and Housing Needs Assessment. An assessment which identifies community development and housing needs and specifies both short and long term community development strategies must be submitted with the application.

b. Previous Performance. Each applicant previously funded will be evaluated on its previous performance. A grantee that has failed to meet previous grant agreement requirements, including commitment of funds, may be deemed ineligible to apply for an additional award.

Current County grantees are not eligible to apply for 2005 housing funds until at least 75 percent of their current grant funds, exclusive of administrative funds, have been disbursed or some unusual circumstance is involved to warrant a request to apply for additional funds.

Further, communities that have received Michigan County Allocation funds from fiscal year 2000 or earlier cannot apply for 2005 funds until any grants covering those years have been audited and closed.

c. Low and Moderate Income Benefit. Applications for Michigan county allocation funds provide the following low and moderate income benefits in accordance with the HUD Section 8 Income Limits:

- Single family, owner-occupied housing rehabilitation must provide 100 percent low/moderate income benefit. Therefore, 100 percent of the funds must be awarded to household with gross annual incomes 80 percent or less of the area median income, based on household size.
- A rental rehabilitation activity must assure at minimum that 51 percent of units after rehabilitation are occupied by low/moderate income households.
- In calculating the low/moderate income benefit for a demolition, infrastructure or public improvement project, at least 51 percent of the households served by the project must be low/moderate income.
- Applications with less than the above stated low/moderate income requirements will not be considered for funding.

d. Maximum Investment.

Homeowner rehabilitation assistance will generally not exceed \$25,000 per unit, with the following exceptions:

- Substantial rehabilitation costs, including costs attributable to lead-based paint abatement, not to exceed \$35,000;
- Replacement housing costs not to exceed \$75,000.

Homebuyer assistance programs include the following minimum guidelines:

- MSHDA Single Family asset limitation applies.
- Not limited to first-time homebuyers.
- Purchase price limit is the lesser of the HUD 203(b) limit or the appraised value.
- Homeownership education is required.
- Down payment assistance is generally limited to \$10,000 per unit and restricted to 50 percent of the down payment plus reasonable closing costs.
- Communities are expected to obtain leverage funds from other housing programs such as federal weatherization funding, Rural Development, and MSHDA PIP. Communities are also encouraged to provide leveraging dollars and in-kind services locally.

Rental rehabilitation assistance is generally limited to a maximum of \$14,999 per unit. The investor must contribute, at minimum, 25 percent of total development costs.

4. Project Selection

While a variety of housing activities are eligible for funds, the following guidelines must be considered when proposing a homeowner rehabilitation activity. The financing mechanism must, at a minimum, be a deferred loan for 100% of the assistance.

Lien Requirements: MSHDA requires the placement and recording of a lien on properties receiving CDBG assistance. Exception will be given to emergency repair loans where the cost of the repairs is at or below \$2,500. Waivers will be considered for other unique circumstances on a case-by-case basis.

5. Public Services

The use of 15% of the county allocation for public services is restricted to supportive services directly associated with MSHDA or HUD funded supportive housing projects, including case management, enhanced management, and direct supports for persons residing in transitional housing for homeless households and/or in permanent supportive housing for homeless and/or special needs populations.

6. Award Process

a. County Allocation. Applications for awards will not be scored, but will be reviewed to assure that all threshold requirements are met and that the proposed housing program is acceptable.

If several communities located within a county where there is no countywide program apply for funding, it may be necessary to evaluate those applications against each other, due to limited funds available.

The following factors must be addressed adequately in applications for a housing proposal to assure favorable consideration:

- Total number of units to be rehabilitated in relation to community population and identified housing need;
- Estimated average and maximum total cost and average and maximum CDBG assistance per unit and the amount of funds to be leveraged;
- Level of improvement to be achieved in assisted properties. All properties assisted with CDBG funds must be brought up to Section 8 Existing Minimum Housing Quality Standards or UPCS, or its replacement. (NOTE: An exception can be made for an Emergency Repair Activity not to exceed 15 percent of the total grant);
- Administrative and staff capacity to manage program;
- A marketing plan to include "Affirmative Marketing";
- Percent of requested funds to be used for administrative purposes (18 percent maximum);
- The extent to which the proposal will further fair housing activities.

b. Housing Resource Fund. Projects are awarded CDBG funds where CDBG is a more appropriate funding source than HOME. Examples would include demolition, beautification, rental rehabilitation for mixed-income projects. Applications are funded based on:

- Prospect for substantial community impact;
- Compliance with federal regulations and MSHDA policy;
- Cost-effectiveness;
- Applicant capacity and track record.

7. Monitoring

MSHDA will annually monitor the implementation of these plans to determine that good faith efforts have been made to carry out the procedures and requirements specified in the plans, to determine if the objectives have been met, and to take corrective action as necessary.

8. Lead-Based Paint Hazards

In the County Allocation Program, all properties rehabilitated must meet HUD's Section 8 Existing Minimum Housing Quality Standards (HQS) or UPCS, or its replacement. As lead-based paint requirements are incorporated into HUD's standards, on a statewide level we are continuously addressing lead-based paint issues on housing rehabilitation projects. Note: An exception can be made for CDBG funded county allocations, as communities may request up to 15 percent of their homeowner rehabilitation funds be utilized for Emergency Repair Activities.

B. COMMUNITY DEVELOPMENT BLOCK GRANT FOR ECONOMIC AND COMMUNITY DEVELOPMENT: ONE-YEAR ACTION PLAN

1. General

CDBG economic development includes economic development funding consisting of grants and loans for: economic development infrastructure (including tourism projects, and business facilities), business loans, economic development planning, and economic development discretionary funds.

CDBG community development includes

National Objectives. In order to qualify for CDBG funding consideration, all economic and community development projects must meet the federally required national objective of providing direct benefit to low and moderate-income people. Economic development infrastructure and planning projects must result in job creation or retention where at least 51 percent of the jobs are made available to, or held by, low and moderate-income people. Community development projects must result in benefit accruing to the area's population which must be at least 51% individuals residing in low and moderate-income households.

Low and moderate-income is defined each year by the U.S. Department of Housing and Urban Development and consists of household income levels by family size. Typically, the low and moderate-income level is 80 percent of the county median family income and is based on the income level of the household and not the individual filling the job. For job creation, the low and moderate-income requirement is applied at the time of hire. For job retention and community development, the requirement is applied at the time of application for CDBG funds.

Jobs are defined as full-time equivalent permanent jobs, which does not include construction jobs, temporary jobs, layoffs, or pre-existing jobs. Only those jobs which are created, or retained, during the grant project period will be considered in meeting the national objective and selection criteria. The State will make a final determination of the actual number of jobs created, or retained, and the actual number of jobs available to, or held by, low and moderate-income people at the time the project is officially closed out by the State.

Funding Cycle and Limitations. Proposals are considered on a continuous basis and applications for economic development projects may be submitted at any time during the year. At least once during the Program Year, a single competition will be held with specific funding deadlines. The single competition will be publicly announced and advertised. Approved projects will include only those activities identified in the Annual Action Plan.

To receive consideration for funding, an eligible local government must prepare and submit a Notice of Intent (NOI). The NOI is a two-page form providing basic information on the proposed project, project activities, and a summary of the project budget including grant funds being requested and other funds. The NOI is reviewed by the Michigan Strategic Fund.

If it is determined that the proposed project adequately has met the selection criteria, the Michigan Strategic Fund will authorize the local government to prepare a full application.

Usually, a community may receive only one grant per program year.

Selection Criteria. In considering project funding, a system based on selection guidelines is used to evaluate and approve applications for economic development funds. These selection criteria are considered to be thresholds that must be met or exceeded for a particular project to receive funding. If these thresholds are met by a proposed project, a positive funding decision may be made depending on the availability of funds, quality of jobs, and compliance with all other program requirements.

Maximum Program Period. Projects usually must be completed within twenty-four (24) months from the date the grant is awarded. Funds not disbursed within the specified time limit may be recaptured by the State for reallocation to eligible CDBG projects.

The Michigan Strategic Fund may make exceptions to grant amount limits and project periods based on the significance of project impacts on the community and the economy, the number of jobs created or retained, needs of the community, and/or the level of benefits to low and moderate-income people. Requests for exceptions must be made by the applicant community. Sufficient documentation and justification for an exception must be included in the application. Exceptions will be considered by the Michigan Strategic Fund as part of the funding decision.

2. Economic Development Infrastructure. Communities may request grants to provide public infrastructure improvements necessary for the location, expansion, and/or retention of a specific for-profit business firm(s) which is engaged in an economic base activity (e.g. - manufacturing, point-of-destination tourism, headquarter operations, major multi-state distribution facility). Public infrastructure includes items such as: public water or sanitary sewer lines and related facilities, streets, roads, bridges, and public utilities.

Selection Guidelines. Economic development infrastructure projects will be expected to meet each of the following guidelines:

- Minimum Leverage Ratio - Proposed projects are expected to leverage private and other public funds. Funding priority will be given to projects when the leverage ratio of all other private and public funds to CDBG funds is 2:1 or greater.
- Cost Per Job - Proposed projects are expected to create and/or retain the largest number of jobs with the least amount of CDBG investment. Funding priority will be given to projects where the amount of CDBG funds per job created and/or retained is \$10,000 or less.
- Financial Viability - The business must be financially viable and able to document that it has sufficient management abilities and skills to operate the business.
- Job Creation/Retention - Funding priority will be given to projects creating and/or retaining ten or more permanent full-time jobs.
- Minimum Local Participation - Proposed projects are expected to have local government funding for public infrastructure activities. Funding priority will be given to projects where local funding for public infrastructure is ten percent or more of the total public infrastructure costs.

3. Economic Development Planning. Economic development planning grants are available to help communities accomplish project specific, public planning, and design work which is likely to lead to an eligible economic development implementation project. Selection factors will include: an evaluation of near term (two to four years) job creation, where at least 51 percent of the jobs are held by, or made available to, low and moderate income people, the number and quality of jobs, and the overall impact on the community.

Selection Guidelines. For economic development planning grants, proposals will be evaluated on the extent to which it appears that the planning grant will lead to an eligible implementation project. Evaluations will be guided on judgments by the Michigan Strategic Fund regarding the near term likelihood for low and moderate income job creation or impact on a low and moderate income community.

Maximum Grant Amount. The maximum grant amount shall not exceed \$50,000 and must be matched with a local cash contribution equal to at least ten (10) percent of the CDBG funds provided. The cash match may be waived by the state based on demonstrated financial hardship.

4. Downtown and Gateways. Grants are available for public infrastructure that directly supports private redevelopment projects in traditional downtowns and in significant community gateways. Funds can also be used as local match for the Michigan Department of Transportation's (MDOT) Transportation Enhancement Grant program or to support the Michigan State Housing Development Authority (MSHDA) housing projects, all in downtown or gateway areas.

Selection Guidelines. The maximum individual grant award will be \$1,000,000. Priority will be given to projects leveraging the greatest amount of job creation and private investment and which will advance the Governor's cool Cities Initiative. Applications will be accepted on a continuous basis.

5. Public Works Program. Grants are available for public works projects that upgrade existing public infrastructure systems either by replacing deteriorating or obsolete systems or by adding capacity to existing systems. In addition, funds under this program can be utilized for public facilities which will have a significant economic development impact throughout the community.

Selection Guidelines. The maximum individual grant award will be \$1,000,000. Priority will be given to projects with engineering completed and ready to begin construction. Applications will be accepted on a continuous basis.

6. Discretionary Economic Development Grants and Loans. Discretionary grants and loans will be considered based on special and/or unique needs or situations requiring innovative program approaches not specifically provided for in regular economic development infrastructure grants, prospective business parks and facilities loans, or economic development grants. This may include Brownfield site redevelopment, downtown development, general public infrastructure activities, CDBG Section 108 loan guarantees, and projects associated with the State funded Core Communities Initiatives.

Selection guidelines, project periods, and grant amounts will be determined and tailored for each specific project proposal. All funding considerations will be made in compliance with federal CDBG regulations and requirements.

7. Broadband Telecommunications Development. The Michigan Strategic Fund will support activities and projects related to eligible broadband and telecommunications infrastructure projects through grants to eligible general purpose local governments. These grants will be based on area wide benefit to low and moderate-income people.

C. EMERGENCY SHELTER GRANTS: ONE-YEAR ACTION PLAN

1. Introduction

The State of Michigan's Emergency Shelter Grant (ESG) Program will be administered by the Michigan State Housing Development Authority (MSHDA), through its Office of Community Development. It is anticipated that HUD will award a "balance of state" allocation of approximately \$2,873,606 in Emergency Shelter Grant (ESG) funds to the State of Michigan for FY 2005 (based on prior year federal authorization level). MSHDA will provide an additional \$5,000,000 in matching funding for statewide ESG programs. A portion of these MSHDA-generated matching funds may be used for activities associated with response to homelessness that fall outside HUD-defined eligibility restrictions for ESG programming (e.g., Continuum of Care coordination).

MSHDA has adopted the basic principles of HUD's Continuum of Care strategy for use in its ESG funding distribution. The primary program design for FY 2005 allocates a targeted sum of grant funds to local communities that have developed and submitted an approved Continuum of Care plan. There are 60 active Continuum of Care planning bodies in Michigan, representing all 83 of our Counties. These Continuum of Care planning groups are comprised by homeless service providers and related stakeholders in each community. They meet regularly to assess the community's homeless and housing needs, inventory existing resources available to serve them, identify gaps in housing and service delivery, prioritize local needs, and develop comprehensive strategic plans for homeless response. MSHDA assigns a "target funding allocation" to each Continuum area for planning purposes, and each Continuum then submits an "ESG Funding Strategy" which recommends specific funding amounts for eligible projects and activities in its area --- within the limits of the assigned allocation amount.

These Continuum of Care plans – and associated ESG Funding Strategies – are evaluated against threshold criteria to ensure their feasibility, consistency with program rules and principles of practice, and effectiveness. Each grantee agency must, in turn, submit its own Project Application for MSHDA review. MSHDA staff review all projects recommended by the Continuum body for eligibility of activities and cost. They also screen project grantees for eligibility and capacity.

MSHDA works closely with local communities to support the continuing evolution of Continuum of Care planning. Each year, MSHDA conducts a series of regional and specialized trainings throughout the state addressing ESG programming and Continuum of Care coordination. MSHDA also provides technical assistance as necessary to help local planning bodies to develop their Continuum processes and strategies. A state-level homeless programs advisory council – the Michigan Homeless Assistance Advisory Board (MHAAB) acts as a clearinghouse for related ideas and feedback .

A notice of funding availability for the Emergency Shelter Grants (ESG) program will be published and distributed statewide in the Fall of 2004. Application information will be posted on MSHDA's public web-site and disseminated widely. Regional workshops in the fall of 2004 will further explain the ESG funding process to current and potential grantees.

2. Eligible Projects and Sponsors

Emergency Shelter Grant funds (both federal and MSHDA matching funds) may be used for projects associated with providing shelter, transitional housing, prevention, and/or essential

services to homeless individuals and families with children. Eligible Emergency Shelter Grant projects using federal funds include but are not limited to:

- The start-up of new emergency or transitional housing programs by experienced service providers
- Expansion of shelter, transitional housing, homeless prevention, or essential services programs
- Ongoing funding for shelter operations, transitional housing, homeless prevention, or essential services programs
- Funding for Homeless Management Information System (HMIS) implementation projects

Project sponsors must be established private non-profit 501(c)(3) agencies or public non-profit entities, must have had at least one year of successful experience in administering homeless programs, and must be actively involved in a local Continuum of Care planning body. No projects will be considered from areas that do not have an approved Continuum of Care plan in place.

3. Proposed Use of Funds

The use of funds for recipients of federal ESG dollars will be limited to Operating, Essential Services, and Homeless Prevention as described below. Grantees will be allowed a limited amount of funding for staffing as a part of operating/administrative costs, if necessary, not to exceed 10 percent of the project's total award. MSHDA's FY 2005 ESG program will include the following categories of allowable use:

- a. **Operating:** Grant funds will provide for maintenance and operating expenses of a shelter, transitional housing, or associated service facility, including but not limited to: insurance, food, utilities, maintenance, and repair expenses; necessary furnishings; salaries for security staff; and staff costs of operations (up to 10 percent of the total grant).
- b. **Essential Services:** Grant funds may be used for essential/supportive services costs including but not limited to: case management, child care, employment and training, health care screening and referral, substance abuse prevention and treatment, counseling, and educational guidance. These funds will be used for salaries and benefits for counselors, case managers, other essential services staff; client transportation expenses; and other direct costs of essential services provision. MSHDA herein requests continued approval of a waiver established in 2003-2004 allowing allocation of more than 30 percent of its federal ESG funds to essential services. This request is based on two primary elements of rationale: 1) when taken as a percentage of combined federal and MSHDA matching funding for ESG, our essential services commitments are actually less than the 30% ceiling (generally around 20%) and 2) all ESG sub-grantees receiving essential services funding are required to submit organizational budgets that demonstrate the availability of full operational funding for their programming as a condition of eligibility for funding. MSHDA requests approval of this waiver for the five year period covered by the 2005 Michigan Consolidated Plan.

- c. Homeless Prevention:** Homeless prevention funds will be used to provide direct financial assistance to pay utility shut-off balances and arrearage, prevent rental evictions or mortgage foreclosures, and assist with first month's rent and security deposits. MSHDA will allocate no more than 30 percent of its combined federal and matching ESG funds to homeless prevention services unless a waiver is obtained. To qualify for financial assistance under this homeless prevention category, households must meet the following criteria:

- 1) The inability of the household to make the required payments must be due to a sudden reduction in income; and
- 2) The assistance must be necessary to avoid eviction or termination of services; and
- 3) There must be a reasonable prospect that the household will be able to resume payments within a reasonable period of time; and
- 4) The assistance must not supplant funding for pre-existing homeless prevention activities from any other source.

MSHDA will elect not to absorb the administrative funds for which it is eligible, in order to be able to increase funding available for community programs and services. Moreover, MSHDA will dedicate a portion of its internally dedicated ESG project funds for uses that include: a) costs of coordinating local Continuum of Care activities – including fiduciary & administrative functions, b) costs of local implementation of the Michigan Statewide Homeless Management Information System (MSHMIS), c) piloting innovative rural homeless and prevention projects on a competitive basis, and d) other homeless activities and initiatives as may be identified by MSHDA's Homeless Programs office. Financial assistance for costs for critical needs for facilities repair, and for homeless facilities development or rehabilitation, will be available (based on demonstrated agency need and capacity) through MSHDA's Housing Resource Fund. As such, no federal ESG funding will be directed to these costs.

4. Evaluation of ESG Projects

Local communities will submit their Continuum of Care plans and specific funding recommendations for individual projects (within limits of targeted allocations) to MSHDA in accord with a widely distributed Notice of Funding Availability (NOFA). Representatives from the Office of Community Development and MSHDA's Homeless Program Staff will review, critique, and approve submitted community plans and funding recommendations, as well as determine project eligibility.

5. Certification of Local Approval

A Certification of Local Approval signed by the highest elected official for the local unit of government where each project is administered is required from each program applicant. Documentation of these certifications is maintained in grantee files at MSHDA.

6. Grantee Reporting

A Homeless Programs Progress Report, currently due twice each year, asks grantees to report on service activities, client demographics, performance outcomes, and service needs in their area. Volunteer hours donated by individuals in the community and in-kind contributions leveraged by the grantees will also be reported. MSHDA will compile this data into a statewide report to be used to assist in needs assessment, determination of funding priorities, coordination of services with other state agencies, and enhancement of services for homeless populations.

In the Summer of 2004, MSHDA is initiating full-scale implementation of the Michigan Statewide Homeless Management Information System (MSHMIS). This web-based reporting mechanism will track and unduplicate client-level data at the agency, community, and state levels. While MSHMIS initially will focus on emergency shelter, transitional housing, and permanent supportive housing consumers, this system will ultimately endeavor to capture descriptive data on homeless persons and families served by all provider systems. All 60 of Michigan's Continuum of Care areas have agreed to participate in the statewide system.

7. Lead-Based Paint Hazards

The Michigan State Housing Development Authority (MSHDA), as the agent for the State of Michigan, will assure full compliance with all lead-based paint rules and regulations as they are applicable to the Emergency Shelter Grant Program. All ESG program grantees are provided regular training and support in lead-based paint compliance.

8. Matching Funds

The Michigan State Housing Development Authority Board has committed \$5 million in MSHDA funds as match for the FY 2005 ESG Program.

D. HOME INVESTMENT PARTNERSHIP: ONE-YEAR ACTION PLAN

1. Introduction

At the time of publication of this plan, the State of Michigan's FY05 allocation of HOME funds was not yet determined, but the range of activities planned for the FY05 allocation of HOME funds is similar to those undertaken with FY04 funds. The State of Michigan received an allocation of \$29,242,569 in FY04 for the HOME Investment Partnership Program and projects a similar level of funding for FY05. The Michigan State Housing Development Authority (MSHDA) will continue to be the administrative agency for the state's allocation of HOME funds.

HOME funds in Michigan are used for projects to expand the supply and availability of safe, decent, accessible, and affordable housing for moderate, low and extremely low income households through a statewide network of public/private partnerships. Activities eligible for funding include, but are not limited to:

- Rehabilitation for homeowner, homebuyer or rental;
- Acquisition including downpayment assistance;
- New construction of rental or homebuyer;
- Tenant based rental assistance;
- Demolition in conjunction with rehabilitation or new construction;
- Homeless assistance (restricted to housing development activities for transitional or permanent housing);
- Reconstruction housing; and
- An applicant may request funding for general administration.

Michigan will continue to allocate its HOME funds in a manner consistent with this Consolidated Plan. The state's allocation for HOME funds is based primarily on the demographics of non-HOME entitled areas of the state.

Eligible applicants include:

- All non-Home entitled local units of government with a population of 3,000 or over.
- Local units with a population less than 3,000 and local HOME Participating Jurisdictions will be reviewed for eligibility on a case by case basis.
- Non-profit organizations, including CHDOs, are required to collaborate with the local unit of government.

Priority for the use of HOME funds will be in non-entitled HOME areas, but exceptions may be made for the following types of situations:

- To assist nonprofit organizations;
- To provide additional funding for other MSHDA programs;
- To share costs with projects receiving local Participating Jurisdiction funds.

In all of the above cases, whenever MSHDA HOME funds are committed within a local participating jurisdiction, MSHDA will coordinate its activities with those of the local participating jurisdiction and will generally require local matching funds.

2. Proposed Use of HOME Funds

With the funding available for Michigan's FY05 HOME allocation, MSHDA is reserving no more than five (5%) percent for CHDO operating expenses and no more than ten (10%) percent for administrative expenses. Of the funding available for projects, MSHDA will invest at least fifteen (15%) percent in projects owned, developed or sponsored by CHDOs. MSHDA plans to invest its project funds in eligible activities, in accordance with this Consolidated Plan. In implementing these programs and other affordable housing activities, MSHDA will provide at least twenty-five (25%) percent in non-federal match.

3. Rental Housing Programs

a. Supportive Housing Demonstration. The State of Michigan is participating in a Supportive Housing Demonstration that is designed to prevent or alleviate homelessness. The purpose of the demonstration is to create successful models for serving people who are difficult to house, including those with special needs. HOME funds will be available to help implement this demonstration in selected communities. Each community has formed a consortium of local government and human service agencies to plan and help fund their own supportive housing development program. Local consortia are also responsible for making available a coordinated set of services to address the ongoing support needs of residents.

The initial round of the demonstration is substantially complete in four communities: Allegan, Genesee, Kent and Washtenaw counties.

Five additional sites were selected from communities that responded to an open call for proposals for a second round of supportive housing demonstration sites: Grand Traverse-Benzie, Kalamazoo, Livingston, Ottawa and western Wayne counties. Approximately 350 new units will be developed in these communities in partnership with local consortia.

The state's HOME funds may be used for eligible project activities in conjunction with funds provided locally through each community's supportive housing consortium. Local funds will come from public and private sources. Housing Tax Credit use and local property tax relief will also be encouraged. Applications will be considered from nonprofits selected by the local consortium in each community. The amount of state HOME funds invested will be determined as part of an underwriting and review process for each development.

b. Preservation. MSHDA will make HOME funds available for the preservation of MSHDA financed multi-family housing developments and may make HOME funds available for preservation of non-MSHDA financed multi-family housing developments. Recipients must extend the low-income character of the development. Transactions may involve a transfer of ownership. The maximum HOME assistance will vary depending on the age, type and size of the development and an underwriting evaluation. HOME assistance will be limited to the amount of assistance needed to fill the funding gap, as determined by MSHDA. Rent and occupancy restrictions will apply for, at a minimum, the HOME affordability period.

c. Leveraging Federal Funding and Deep Subsidy Assistance. MSHDA may make funds available to leverage the construction of new developments and the award of project-based Rental Assistance under the U.S. Department of Agriculture-Rural Development Section 515 Program and/or the U.S. Department of Housing and Urban Development Section 202/811 Programs.

d. Tenant Based Rental Assistance Greenhouse Initiative. MSHDA will utilize HOME funds to establish a program providing Tenant Based Rental Assistance (TBRA) targeted to homeless populations in 8-10 communities throughout the state. This initiative will offer a transitional bridge to permanent housing for homeless households. Funds will be distributed in collaboration with targeted service providers and local Continuum of Care bodies.

Based on the 2004 Statewide Continuum of Care: Gaps Analysis (see Section III, update of Table 1A), the state has an unmet need of 2,205 transitional housing units for homeless families and individuals. As stated under Goal 4 of our Five-Year Strategy, both the state's Strategy Development and Investment Plan emphasizes the need for transitional, supportive housing that is responsive to local needs.

e. HOME Equity Enhancement. HOME funds for the development of rental housing other than the above-described initiatives will be made available to assist projects in the following categories:

1. Multifamily Rental Housing (12-49 units and up to 100 units for rehabilitation projects)

(a) Project Eligibility - Multifamily development proposals must meet all of the following criteria:

- MSHDA tax-exempt debt financing; the debt financing must be greater than 50% of the total development cost. MSHDA may use HOME funds to reduce the tax-exempt interest rate; or

MSHDA taxable debt financing;
- Low Income Housing Tax Credit award, with the equity investment, net of allowable developer fees and project costs not recognized in the debt financing, used to reduce the need for HOME funds;
- Agreement by the community to accept a service fee in lieu of real property taxes for a period not less than the term of the first mortgage loan;
- Agreement by the sponsor to enter into a regulatory agreement whereby, at MSHDA's sole discretion, ten percent (10%) of the units will be rent restricted and occupied by households with incomes at or below 30% of the area median income, adjusted for family size, as defined by HUD. MSHDA may elect to waive this criterion if its imposition results in the debt financing totaling less than or equal to 50% of the total development costs;

(b) HOME Assistance Levels - The minimum amount of HOME assistance will be \$1,000 per unit. The maximum amount of HOME assistance will be the lesser of the equity gap as determined by MSHDA, the total development cost of the HOME designated units, or the per unit HOME subsidy limit multiplied by the number of HOME designated units.

(c) Income Targeting - MSHDA may elect, at its sole discretion, to apply the HOME funds to a specific number of units within the development and require that these units be deeply targeted and made affordable to families with incomes at or below 30% of the area median income, adjusted for family size.

(d) Loan Terms - HOME assistance will be provided as a mortgage, to be repaid from:

- Twenty-five percent of any cash distribution to the project owner, as determined by an independent annual audit of project income and expenses;
- The proceeds of any refinancing or sale designed to alter the low income character of the residents of the development. In this event, the full subordinate HOME loan will be accelerated and become immediately due and payable; and
- Project operating revenue following repayment of the first mortgage. In this event, the outstanding balance of the HOME loan will become the new first mortgage and begin to bear interest at the same rate as the original mortgage with monthly mortgage payments equal to the payments under the original first mortgage.

2. Small Scale Rental Housing (1-24 units)

(a) Project Eligibility - HOME funding may be invested in subsidized secondary loans for small scale development projects (1 to 24 units) on a case-by-case basis and where the project will address a clear public purpose and specific community need such as:

1. The project is an essential component of a comprehensive community revitalization strategy aligned with MSHDA investment priorities; or
2. The project is part of a strategy to create low-income housing opportunities in a higher cost setting or area characterized by economic growth (e.g., economic integration or deconcentration); or
3. The project is targeted at special needs/homeless/supportive housing populations that require a more intimate scale.

Proposed projects must meet all the following criteria:

- Low Income Housing Tax Credit award, with the equity investment, net of allowable developer fees and project costs not recognized in the debt financing, used to reduce the need for HOME funds;
- Sponsorship by a community-based nonprofit group, defined as:
 - A Community Housing Development Organization (CHDO),
 - A Community-Based Development Organization (CBDO), as defined by HUD,
 - A local 501(c) organization, organized in Michigan, currently involved in housing in the market area in which the housing is being proposed,

OR

Sponsorship by a for-profit group.

- If special needs housing is being proposed, it must include provision for appropriate support services and project sponsors must be participating in a local continuum of care strategy planning body or a local consortium planning body for supportive housing.

It is the intent of MSHDA to reduce the need for HOME funding by leveraging other sources of financial assistance, but this may not always be practical. At the discretion of MSHDA's Executive Director, these proposals may not always require the use of Low Income Housing Tax Credit.

(b) HOME Assistance Levels - The minimum amount of HOME assistance is \$1,000 per unit. The maximum amount of HOME funding will be:

- Within a Participating Jurisdiction, the lesser of the equity gap as determined by MSHDA or \$30,000 times the total number of HOME designated units in the project. For special needs housing the maximum HOME assistance will be the lesser of the equity gap as determined by MSHDA or \$40,000 per HOME designated unit.

- Outside a Participating Jurisdiction, the lesser of the equity gap as determined by MSHDA, the total development cost of the HOME designated units, or the per unit HOME subsidy limit multiplied by the number of HOME designated units.

(c) Income Targeting - MSHDA may elect, at its sole discretion, to apply the HOME funds to a specific number of units within the development and require that these units be deeply targeted and made affordable to families with incomes at or below 30% of the area median income, adjusted for family size.

(d) Loan or Grant Terms - The affordability and repayment terms will be determined by MSHDA's Executive Director. At a minimum, in the event of a refinancing, sale, or conversion of use that would alter the low income character of the residents of the development prior to the expiration of the affordability period, the full amount of HOME loan will be recaptured.

3. Requirements for Participating Jurisdiction Contributions

(a) For all multifamily rental developments located in participating jurisdictions, a local contribution must be made. The minimum contribution, excluding any credit for the value of property tax relief, must be the lesser of 50% of the total HOME funds necessary as determined by MSHDA or 5% of the participating jurisdiction's most recent annual HOME allocation.

(b) The participating jurisdiction must agree that match credit derived from the present value of property tax relief must, at a minimum, be split between the community and MSHDA based on a pro-rata share of the actual HOME assistance provided.

(c) At the discretion of MSHDA's Executive Director, proposals may not always require contribution from the participating jurisdiction's HOME allocation.

f. Rental Rehabilitation. MSHDA will make funds available for rental rehabilitation as follows:

1. Funding awards to local units of governments (state recipients) will be made to administer a HOME rental rehabilitation program. CDBG funds may be used if deemed more appropriate for the specific program proposed. The program will generally provide a forgivable loan of up to a maximum of \$14,999 per unit however, additional funds needed to address lead-based paint hazard reductions may be allowed. Investors must contribute at least 25 percent of the total development cost. The term of the loan will coincide with the rent affordability requirement. Units will be rehabilitated to the HUD Section 8 Existing Housing Quality Standards (HQS) or UPCS, or its replacement, and include addressing all local code items.
2. Loans to the owners of MSHDA financed multi-family developments will be made, at the sole discretion of MSHDA, for the rehabilitation of the development. Funding will only be available to the extent MSHDA determines that reserve levels are not adequate to cover the costs and still maintain an adequate balance for future needs. Funding will generally be limited to a maximum of \$14,999 per unit. Units will be rehabilitated to the HUD Section 8 Existing Housing Quality Standards (HQS) or UPCS, or its replacement, and include addressing all local code items.

4. Homebuyer Assistance Programs

a. Acquisition/Development/Resale Assistance. MSHDA will make funds available through grants or loans to eligible nonprofit organizations and to local units of government or may loan HOME funds to for-profit developers, for the purpose of newly constructing, acquiring and/or rehabilitating units for sale to low and moderate income families. The maximum amount of HOME funds that a grantee may invest in a home is the per unit dollar limits established by HUD under Section 221.514(b)(1) and (c). The appraised value of the properties may not exceed the single family mortgage limits established by HUD. The sale price (purchase price limit) may not exceed the lesser of the appraised value or the HUD maximum appraised value limits.

Grantees may (a) resell the HOME-assisted property to a qualified buyer using affordable financing, (b) sell the property under a lease-purchase agreement to families who will be able to qualify for mortgage financing within 24 months, or (c) use other homeownership models, such as community land trusts, to address the needs of specific markets. The unit must meet HUD Section 8 Existing Housing Quality Standards (HQS) or UPCS, or its replacement, and include all energy conservation items at the time of occupancy. The resale provisions described in Section 12 will be applied to any resale during the affordability term.

b. Down Payment Assistance. MSHDA will provide a down payment assistance program for qualified eligible families, especially first-time homebuyers by making funds available through financial institutions, eligible nonprofit organizations, or local units of government. Maximum downpayment assistance for a household may generally not exceed \$10,000. The homebuyer is responsible for a minimum cash contribution equal to 1 percent of the sales price. As permitted by HUD, homeownership assistance can be used for the balance of the minimum cash requirement to close (including closing costs, prepaids and down payment requirements) as calculated by the lending institution providing the first mortgage. The property's appraised value may not exceed the applicable HUD single family mortgage limit. Mortgage financing is

required; land contracts are not eligible.

Additional funds may be provided for rehabilitation of homes receiving downpayment assistance. Where rehabilitation funds are provided at closing as part of a single affordable financing package (1st and 2nd mortgage) based on the increased value of the property. CHDOs may use funding from the CHDO set-aside as developers of the property.

Down payment assistance will be combined with the acquisition/development/resale program. MSHDA may, under this combination of assistance, provide a higher maximum downpayment assistance to (a) achieve affordability or (b) permit recapture of HOME funds upon resale during the affordability period.

A lien will be placed on the property in the amount of the HOME funds. The lien will require repayment of the HOME funds, in accordance with the resale provision described in Section 12, if the property is sold within the term of the affordability period. The assistance may be forgiven after the term of affordability ends except for assistance provided in coordination with MSHDA's single family mortgage programs, which is forgiven at the end of the mortgage term. Any repayments received must be returned to the HOME Investment Trust Fund.

Funds for Down Payment Assistance will be made available (a) to support the activities of the Acquisition/Development/Resale Assistance, (b) in coordination with MSHDA's single family mortgage programs, and (c) where a local nonprofit organization(s) or community demonstrates capacity to provide needed supportive services (such as counseling) or to reach underserved populations.

American Dream Downpayment Initiative

The U.S. Department of Housing & Urban Development established an interim rule for a new downpayment assistance component under the HOME Program referred to as the American Dream Downpayment Initiative (ADDI) effective April 29, 2004. The Michigan State Housing Development Authority (MSHDA) will be the administrator of the State of Michigan ADDI program.

Planned Use of ADDI Funds

MSHDA will provide the ADDI funds, through an agreement with Habitat for Humanity of Michigan, Inc., for first-time homebuyers. Habitat will award the ADDI funds to local Habitat affiliates throughout the state. MSHDA's 2005 goal for minority households assisted with ADDI funds is 25% of ADDI funds disbursed in the program year.

Plan for Conducting Targeted Outreach

MSHDA will require that each local Habitat affiliate receiving ADDI funds conduct targeted outreach to residents and tenants of public and manufactured rental housing, and to other families assisted by public housing agencies. MSHDA will provide an Assisted Housing Directory to each affiliate that identifies all multi-family assisted housing in the locality, contact information for the local public housing authority and contact information for the local MSHDA Housing Choice Voucher agent. Examples of acceptable outreach measures include, but are not limited to:

- Program Notices sent to the Management Agent of local assisted housing;
- Program Notices mailed to residents of local manufactured rental housing developments;
- Program Notices sent to local public housing authorities providing the Housing Choice Voucher Program;
- Program Notices sent to MSHDA's Housing Choice Voucher Family Self-Sufficiency and Housing Choice Voucher Homeownership participants within the county;
- Informational meetings describing application and eligibility requirements;
- Advertisement in a newspaper of general circulation or a publication reaching the targeted audience (i.e., a rental development newsletter).

Homeownership Counseling

MSHDA administers an extensive Homeownership Counseling Network that has been in place for fourteen years. A formal process is in place for Habitat of Humanity affiliates to refer purchasers of Habitat homes to the Network for necessary counseling. Counseling services range from simple home purchase education to in-depth financial literacy and home maintenance training. This counseling arrangement will be expanded to include all ADDI participants.

5. Homeowner Assistance

- a. **Eligible Administrators:** MSHDA will make funds available to provide homeowner rehabilitation loans to families with incomes at or below eighty percent (80%) of area median. This program will be administered through either MSHDA direct loans or local administrators. Eligible local administrators include:
 1. In CDBG non-entitlement areas; a) local units of government or b) non-profit organizations proposing to administer a homeowner rehabilitation program in eligible, non-participating counties.
 2. In CDBG entitlement areas; local units of government or nonprofit organizations sponsoring a targeted strategy; targeted strategies such as, but not limited to MSHDA NPP, Empowerment Zones, Enterprise Communities, and Renaissance Zones. A 1:1 match will generally be required from the entitlement community.
- b. **Maximum Assistance:** Homeowner rehabilitation assistance will generally not exceed \$25,000 per unit, with the following exceptions:
 - Substantial rehabilitation costs, including costs attributable to lead-based paint abatement, not to exceed \$35,000;
 - Replacement housing costs not to exceed \$75,000.
- c. **Leverage:** Local administrators are expected to leverage funds from other housing programs, such as federal weatherization funding, Rural Development, and MSHDA PIP, as well as to provide in-kind services and local housing funding. Leveraging targets and results will be a factor in determining funding awards.

- d. **Lien Requirements:** MSHDA requires the placement and recording of a lien on properties improved with HOME funds. Exception will be given to rehabilitation assistance loans where the cost of the repairs is at or below \$2,500. Waivers will be considered for other unique circumstances on a case-by-case basis.
- e. **Financing Mechanism:** The minimum requirement is a deferred, non-forgivable loan for any assistance between \$2,501 and \$25,000. For substantial rehabilitation and replacement housing, a locally administered loan program for assistance in excess of \$25,000 with a sliding income/interest rate scale will be required.
- f. **Targeted Strategies:** MSHDA reserves the right to adjust the criterion (b) through (e) listed above in targeted strategy areas.
- g. **Principal Reduction Subsidy for Replacement Units:** MSHDA may provide HOME funds in the form of a principal reduction subsidy up to \$25,000 to reconstruct (or replace) a housing unit that is not economically feasible to rehabilitate. The homeowner must obtain financing in excess of \$25,000 from other sources. Replacement units must be HUD approved new double-wide units or can be site built homes that meet local codes.

6. Special Projects

Community Initiative Models. MSHDA's goal is to maximize the impact of HOME funds on local housing needs through the design of model programs that have broad applicability. The program parameters for these models may sometimes present barriers to innovative and creative responses to unique local situations. Applicants are encouraged to engage in local planning and collaborative efforts involving local government, private funders, lenders, and nonprofit organizations. Where local parties have engaged in such collaborative efforts, MSHDA will consider funding innovative and creative applications for HOME which do not comport with the program parameters of the State's plan. Requests for funding must involve HOME-eligible activities using the applicable HOME regulations.

Empowerment Zones, Enterprise Communities and Renaissance Zones and other state designated target areas. MSHDA will make available HOME funds for other HOME eligible project activities which present innovative or otherwise responsive solutions to identified housing needs for persons residing in one of Michigan's designated Empowerment Zones, Enterprise Communities, and Renaissance Zones. MSHDA reserves the right to determine the scope of these projects and procedures for awarding these funds.

7. Community Housing Development Organizations and HOME

MSHDA will reserve at least 15 percent of its HOME allocation for investment in affordable housing owned, developed or sponsored by Community Housing Development Organizations (CHDOs). CHDO funding will be accessed by certified CHDOs through the eligible program components of the overall State HOME Program. CHDO funding will be used for both rental housing and first time homebuyer activities. The programs where the greatest CHDO participation is anticipated are the two components of the HOME Equity Enhancement and the Acquisition/Development/Resale Program.

MSHDA will also reserve up to 5 percent of its total allocation for CHDO operating expenses. Certified CHDOs who are undertaking CHDO eligible activities through the State HOME

Program will receive first priority for operational support. Second priority will be given to organizations in Michigan's HUD-designated Empowerment Zones/Enterprise Communities and to CHDOs in non-PJ areas of the state, which are identified by MSHDA as having the potential to undertake CHDO-eligible activities within the time-frame specified by HUD for the commitment of FY05 HOME funds. These CHDOs and potential CHDOs will be required to submit work plans and budgets that identify the use of the operating funds. MSHDA will assess the progress of the recipient organization(s) on a regular basis. The disbursement of operating funds will be contingent upon the completion by the organization(s) of set goals within a specified time-frame. MSHDA will also make CHDO pre-development loan assistance available.

MSHDA is currently certifying CHDO organizations statewide and is continuing efforts to identify CHDO eligible organizations in both rural and urban areas. MSHDA will utilize HUD and its own technical assistance funds to build the capacity of Michigan nonprofit organizations to undertake HOME assisted activities and to qualify those organizations as CHDOs.

8. Affirmative Marketing and Outreach to Minority and Women Owned Businesses

All HOME activities will be subject to existing equal opportunity policies and protections in force within the Michigan State Housing Development Authority. In addition, all state recipients of HOME funds for rental activities of properties of five (5) or more must provide a plan which details their efforts to solicit the participation of minority and women owned businesses in the implementation of the program, and an affirmative marketing plan for the marketing of units in HOME assisted projects.

Staff of MSHDA's Office of Community Development will review all affirmative marketing and MBE/WBE plans. The Office of Community Development will also be available to provide technical assistance to grantees, as needed.

9. Affirmative Marketing

MSHDA will implement an affirmative marketing plan to assure that eligible persons from all racial, ethnic, and gender groups in the designated housing market area are aware of and invited to apply for any available housing assistance which it directly administers. The following affirmative marketing requirements apply **only** to structures containing five (5) or more rental units assisted with HOME funds. In addition, MSHDA will provide state recipients with guidance in affirmative marketing of HOME assisted units. The affirmative marketing plans for state recipients must address the following requirements:

a. Informing the General Public. The method for informing the general public of the availability of the HOME Rental Rehabilitation Program will include at a minimum placing an advertisement in a newspaper of general circulation **and** a publication reaching those persons least likely to apply. All advertising will contain the HUD-approved Equal Opportunity logo **and** slogan. All display advertising will contain the logo in a prominent position with the advertisement in letter size equal to or greater than the smallest letters in the ad. Additional outreach to organizations which service disabled persons will be used when a barrier free unit(s) is part of the project.

A summary of the HOME Rental Rehabilitation Program guidelines and the ongoing affirmative marketing requirements will be made available at the state recipient's office and at other designated public places.

b. Informing Potential HOME-Assisted Property Owners. Upon initial contact with the property owner, the state recipient will inform interested property owners of the HOME Rental Rehabilitation Program Guidelines, the Fair Housing Laws and of their obligations and responsibilities under the HOME program guidelines. Copies of the HUD publication **Fair Housing-It's Your Right**, as well as other written materials will be provided to the property owners.

c. Property Owner Obligations. At the time of application, upon request of the state recipient the property owner shall issue letters to tenants currently occupying units to be rehabilitated and submit copies of those letters to the state recipient.

i. Vacancies. The property owner shall agree that he/she **will** notify the state recipient immediately upon learning that a rehabilitated unit will become vacant. The property owner **will** also send notification to the local PHA and one predetermined local agency or nonprofit that assists families with affordable housing services.

The property owner may simultaneously inform the general public, about the availability of rehabilitated units, by advertising for tenants in a paper of general circulation and a publication reaching those persons least likely to apply, using the Equal Housing Opportunity logo in display ads or "EHO" in line ads.

The property owner shall keep track of new tenants (race, ethnicity, gender, income, family size and rent) and notify the state recipient of all new occupancies and vacancies. All pertinent rental and statistical data, throughout the term of the agreement shall be reported to the state recipient, at least annually, and at other times as requested by the state recipient.

ii. Informing Potential Tenants. While taking applications to fill a vacancy, the property owner shall keep documentation of **all** applicants for the vacancy.

d. HOME Rental Rehabilitation Agreement. The state recipient shall prepare an Agreement with each property owner, which describes in part their willingness to comply with the affirmative marketing requirements. The affirmative marketing requirements shall remain in effect for the term required by the HOME regulations.

e. Record keeping. Property owners will, on an annual basis contact the state recipient to identify the race, ethnicity, gender, income, family size and rent of tenants. The state recipient will maintain records of flyers or ads and a list of contact dates with special outreach agencies. Property owners will provide, where possible, data on how applicants learned about the housing opportunities.

f. Assessment. The state recipient will assess affirmative marketing efforts made by property owners as follows:

- To determine if good faith efforts have been made: Property owners' records shall be examined for actions they have taken; those actions shall be compared with the affirmative marketing policy in their contractual provisions. If the state recipient finds that the required actions were carried out, it will be reasonably concluded that the property owners have made good faith efforts to comply.
- To determine results: Property owners' affirmative marketing efforts will be assessed to determine whether persons from all of the racial and ethnic groups in the

state recipients area have become tenants in the HOME assisted rehabilitated units. If the groups are representative, we will assume that the property owners have complied with the affirmative marketing policy.

g. Remedies for Noncompliance with Affirmative Marketing Requirements. If a property owner fails to comply with the policy and any applicable federal laws regarding the affirmative marketing policy, the property owner will not be allowed to continue to participate in the rental program. The restriction would be lifted at such time when the property owner supplied the state recipient with a corrective action plan that sufficiently demonstrates the steps he/she will take to correct and comply with applicable Federal Housing Laws and the affirmative marketing policy.

10. Outreach to Minority and Women Owned Businesses

MSHDA will make efforts to encourage the use of minority and women's business enterprises in connection with HOME funded activities. At a minimum, MSHDA will undertake the following steps:

- Work with the Michigan Department of Civil Rights to maintain and expand its inventory of MBEs and WBEs;
- Provide copies of MSHDA's MBE/WBE directory to state recipients and others;
- Promote affirmative procurement policies in promotional material and media announcements about the HOME program;
- Provide information to potential MBEs and WBEs on contract opportunities;
- Develop solicitation and procurement procedures that facilitate involvement by MBEs/WBEs;
- Assure that information is provided to MBEs and WBEs on business opportunities at meetings and seminars; and
- Maintain information and report on the use of MBE and WBE contractors MSHDA in the HOME program.

In addition, MSHDA will monitor the implementation of plans for outreach to minority and women-owned businesses by State recipients and grantees. These plans will at a minimum, require:

- including qualified minority and women's businesses on bid solicitation lists and assuring that minority and women's businesses are solicited whenever they are potential sources of materials or services;
- using the services and assistance of the Michigan Department of Civil Rights, the Michigan State Housing Development Authority, or any similar local agency to identify WBEs and MBEs, as needed;
- if any subcontracts are let, requiring the prime contractor to undertake similar outreach efforts.

11. Match Requirement

The match for the FY05 HOME allocation will be met by a variety of resources, including but not limited to publicly issued debt, property tax abatement, value of donated land and property infrastructure improvements, grants from MSHDA funds, the Michigan General Fund, and private sources, as well as other funding for HOME-eligible projects.

12. Resale Provisions

The federal HOME regulations require that a property purchased with HOME assistance remain affordable in accordance with §92.254(a)(4) of the HOME Regulations:

<u>HOME Investment</u>	<u>Affordability Period</u>
\$1,000 - 14,999	5 years
\$15,000 - 40,000	10 years
\$40,001 - maximum allowable	15 years

The regulations stipulate that the initial homebuyer may sell the property during the term of affordability provided that 1) the initial homebuyer repays the HOME subsidy upon resale (the "recapture" option) **or** 2) the property is resold at a price which both ensures that the owner will receive a fair return on investment and ensures that the property will remain affordable to a reasonable range of low and moderate income buyers (the "reuse" option).

The Michigan State Housing Development Authority (MSHDA) will utilize both recapture options in its homebuyer programs but reserves the right to utilize the reuse option at its discretion. Under the recapture option, MSHDA will require that the initial homebuyer repays the outstanding HOME subsidy at the time of resale. Full repayment will not be required in the case of a resale with no net proceeds or insufficient net proceeds to fully repay the subsidy. The term of affordability will be ended at such time the HOME subsidy is repaid, in whole or in part, to the State Home Investment Fund. The recapture provision will be enforced with a formal agreement with the homebuyer and a recorded lien on the property. Under the second recapture option, "Presumption of Affordability," no lien will be required unless there is a homebuyer subsidy.

Under the reuse option, the homebuyer may sell the property during the term of affordability provided that the following conditions are met:

Subsequent Purchaser: The subsequent purchaser is a low or moderate income household that will use the property as its principal residence. Low or moderate income households are defined as households whose gross annual incomes do not exceed 80 percent of the area median income, adjusted for household size.

Sale Price: The sale price of the property may not exceed the lesser of 1) the appraised value of the property at the time of sale or 2) a sale price that yields an affordable 97% mortgage. A mortgage is considered affordable if the monthly payment for principal, interest, taxes, and insurance (PITI) does not exceed 30 percent of the gross monthly income of a household with an income that is 80 percent of the median income for the area, adjusted for household size. Household size will be determined by using the maximum occupancy standard. If necessary, MSHDA will invest additional HOME funds to assure that the subsequent mortgage is affordable

as defined by the HOME Program regulations.

Return on Investment: The sellers' return on investment (fair return) will be limited by 1) the MSHDA fair return formula and 2) the area housing market value. Appreciation realized during the term of homeownership may be shared between the homeowner and MSHDA.

The fair return will equal the sum of 1) the amount of the homeowner's investment and 2) the amount of the standardized appreciation value, less any investment by MSHDA that is required at the time of resale to enable the property to meet HQS, or UPCS or its replacement. The homeowner's investment is calculated by adding the down payment made by the homebuyer from its own resources, the amount of the mortgage principal repaid by the homeowner during the period of ownership, and the value of any improvements installed at the expense of the homeowner. The standardized appreciation value will equal 3 percent of the original purchase price for each year the homeowner holds title to the property, calculated as one quarter of 1 percent per month.

The homebuyer will receive the full amount of the fair return only if sufficient sale proceeds remain after all outstanding debt (excluding repayable HOME contribution), closing costs, and HQS, UPCS, or its replacement required repairs are paid off. Any sale proceeds remaining after payment of the outstanding debt, closing costs, HQS, UPCS, or its replacement required repairs, fair return, and the HOME contribution will be shared fifty/fifty between the homeowner and MSHDA. If necessary, MSHDA will use its share for the purpose of reducing the monthly payment to an affordable level to the subsequent low or moderate income purchaser.

13. Monitoring

MSHDA will annually monitor the implementation of these plans to determine that good faith efforts have been made to carry out the procedures and requirements specified in the plans, to determine if the objectives have been met, and to take corrective action as necessary.

14. Lead-Based Paint Hazards

In the HOME Program, all properties rehabilitated must meet HUD's Section 8 Existing Minimum Housing Quality Standards (HQS) or UPCS, or its replacement. As lead-based paint requirements are incorporated into HUD's standards, on a statewide level we are continuously addressing lead-based paint issues on housing rehabilitation projects (e.g., homeowner and rental rehabilitation).

Beginning August 11, 2001, the new HUD Lead Based Paint Regulation was put into effect throughout the State of Michigan relative to the HOME Program. Projects begun with HOME funds after January 1, 2002 will be monitored for compliance with the Lead Regulation by MSHDA staff as part of the overall monitoring for the HOME Program.

15. Refinancing

On a limited basis for feasibility purposes, MSHDA will consider, as an eligible cost, the cost to refinance existing debt secured by multi-family housing that is being rehabilitated with HOME funds when the following conditions are met:

1. The multi-family project contains ≤ 11 units except, at the discretion of MSHDA's Executive Director, the number of units may be increased to ≤ 50 units; and

2. The rehabilitation cost of the project is equal to or exceeds the amount to be refinanced; and
3. The refinanced units will have a minimum affordability period of 25 years; and
4. A review of the management practices demonstrates that disinvestment in the property has not occurred, that the long term needs of the project can be met and that the feasibility of serving the targeted population over the affordability period can be demonstrated; and
5. That the investment of HOME funds for refinancing is being made to maintain current affordable units, create additional affordable units, or both; and
6. That HOME funds will not be used to refinance multi-family loans made or insured by any federal program.

MSHDA will consider the use of HOME funds for this purpose and under these conditions for multi-family projects located outside of local Participating Jurisdictions.

E. HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS (HOPWA): ONE-YEAR ACTION PLAN

1. Overview

a. The Michigan Department of Community Health (MDCH) administers a broad range of health care services to residents statewide, including services targeted to special needs populations. The Department is organized into five administrations: Administrative Officer for Operations; Medical Services Administration; Health Policy, Regulation and Professions Administration; Public Health Administration; and the Mental health and Substance Abuse Administration. The Division of Community Living and Long Term Care Planning within the Mental health and Substance Abuse Administration manages the HOPWA formula grant. The HOPWA services are contracted to the seven regional project sponsors, who are also supported by the HIV-AIDS Prevention and Intervention Division of MDCH. The seven regions (project sponsors) serve all areas of the state except Lapeer, Livingston, Macomb, Monroe, Oakland and Wayne counties (including Detroit). The regions provide scattered site housing assistance, short-term rent assistance, mortgage and utility payments, housing information and advocacy services and supportive services, including transportation, health services, mental health services, case management, life management, and personal assistance services. See #3 below for names of the project sponsors.

b. The project sponsors are the seven regional fiduciaries serving areas of the state outside the Detroit Metro area. In regions where project sponsors subcontract with other providers a competitive bidding process is used. Each region submits a plan of service annually outlining the characteristics and needs of their populations, how they coordinate with other housing, health care and community services, who they plan to serve and how they plan to spend their allocation. Assurance is provided that HOPWA eligible persons from all parts of the state have access to HOPWA resources. Reports detailing numbers served and expenditures to date are submitted quarterly. Regions are provided technical assistance and consultation on an individual basis.

c. Region 2 serves Jackson, Lenawee, and Washtenaw counties in southeastern Michigan. DCH contracts with the HIV/AIDS Resource Center (HARC) to administer services in the region. Region 2 has an estimated 730 people living with HIV/AIDS, of which 481 are reported. Their most recent needs assessment indicated that 17% of the surveyed population report shelter as an urgent concern and 17% report needing assistance with shelter continually. Other priority needs indicated by the needs assessment are: finding safe, affordable housing; advocacy services with community mental health and substance abuse treatment centers; and supportive services (mental health counseling, budgeting services, buddy services, legal assistance and outpatient counseling).

Region 3 serves Allegan, Barry, Berrien, Branch, Calhoun, Cass, Eaton, Hillsdale, Kalamazoo, Saint Joseph and Van Buren counties in southwestern Michigan. DCH contracts with the Kalamazoo County Human Services Department to administer HOPWA services in the region. The 2002 Epidemiological Profile for Region 3 estimates 1010 persons living with HIV/AIDS, of which 666 are reported. 75% of Region 3 clients are families requiring assistance with mortgage or rental payment and utilities. Other needs identified by case managers are advocacy (help with securing other types of assistance), home repairs, and supportive services (car repairs, budgeting counseling).

Region 4 serves Clinton, Gratiot, Ingham and Montcalm counties in the mid-Michigan area.

DCH contracts with the Lansing Area AIDS Network (LAAN) to provide services in the region. An estimated 520 persons are living with HIV/AIDS in Region 4, of which 344 are reported. 36% of all PLWH/A participating in the Greater Lansing HIV/AIDS Community Consortium needs assessment survey indicated housing was an issue of concern for them. Utility assistance was the top unmet need identified by three focus groups. Advocacy with local landlords is another priority issue identified by staff.

Region 5 serves Ionia, Kent, Lake, Mason, Manistee, Mecosta, Muskegon, Newaygo, Oceana and Ottawa counties in western Lower Michigan. DCH contracts with the Kent County Health Department to administer services for the region. An estimated 1200 persons are living with HIV/AIDS in Region 5, with 796 reported cases. Recent needs assessment and gaps analysis indicate the following priority needs: availability and accessibility of subsidized housing including Section 8; assistance with finding and obtaining housing; client advocacy; availability of emergency funds; and mental health counseling, especially in rural areas. The availability of housing assistance and advocacy was a particular issue in the northern/rural areas of the region.

Region 6 serves Bay, Genesee, Huron, Midland, Saginaw, Sanilac, Shiawassee and Tuscola counties in eastern Lower Michigan. DCH contracts with the Genesee County Health Department to administer services in Region 6. An estimated 1030 persons are living with HIV/AIDS in the region, with 677 reported cases. Focus groups conducted by the Region 6 Care Consortium indicated that direct housing assistance and counseling were priority needs.

Region 7 serves 25 counties in Northern Lower Michigan. DCH contracts with the Munson Medical Center to administer services for the region. An estimated 250 persons are living with HIV/AIDS in the region, of which 165 are reported. The priority needs identified are greater availability of quality, affordable housing and Section 8 resources.

Region 8 serves all 15 counties in the Upper Peninsula of Michigan. DCH contracts with the Marquette County Health Department to administer services in the region. An estimated 120 persons are living with HIV/AIDS in the region, of which 81 are reported. The priority need is the availability of affordable housing.

d. At the local level, all regions participate in community planning processes relevant to PLWH/A and housing, including continuum of care planning bodies, human services planning councils and community housing authorities and coalitions. Because the regions serve multiple counties, some local housing specialists participate on several city/county/regional housing coalitions. For example, in Region 5, the housing specialist serving the northern counties of the region is co-chairperson of the Oceana County Continuum of Care Committee, chairperson of the Mason County Continuum of Care Committee and participating in the Newaygo County Continuum of Care Committee. Consumers are involved in the planning processes through surveys, focus groups and membership in the Care Consortia and other task forces/coalitions.

At the state level, representatives of the HOPWA program participate in the development of the biannual Statewide Coordinated Statement of Need. DCH also works with the Michigan State Housing Development Authority (MSHDA) and the Corporation for Supportive Housing to development subsidized housing resources, supportive housing and funding options to encourage development of low-income housing.

e. The regional HOPWA programs access Family Independence Agency (FIA) emergency funds, Ryan White, Salvation Army, Red Cross, Community Action Agencies, Section 8 and

other MSHDA and HUD resources to serve their clients. In addition, supportive services are accessed from community mental health agencies, substance abuse treatment centers, transportation authorities and health care providers.

2. Program Design

During the 2004 program year, the state was granted \$911,000 from the U.S. Department of Housing and Urban Development (HUD) for Housing Opportunities for Persons with Aids (HOPWA) program. The Michigan Department of Community Health (MDCH), Division of Community Living and Long Term Care will again administer HUD's FY05 HOPWA formula allocation. To assure that comprehensive housing and supportive services are available and meet the needs of people and families living with HIV and AIDS, all fiduciaries must submit a plan that assures that all persons living with HIV/AIDS (PLWH/A) have access to:

- a. Direct Housing Assistance (including rent, mortgage payments, and utilities);
- b. Housing Advocacy Staff Assistance for:
- c. Helping a person find and maintain housing, including permanent housing placement,
- d. Creating links in the community for long range housing solutions, such as participation in planning activities with continuum of care, public housing authorities, and housing coalitions,
- e. Connecting persons with HIV/AIDS to generic sources of housing (such as Section 8 certificates), financial support (such as SSI) and service dollars (such as Medicaid);

The project sponsor shall ensure that qualified service providers in the area make available appropriate supportive services to the individuals assisted with housing under HOPWA. For any individual with acquired immunodeficiency syndrome or a related disease, who requires more intensive care than can be provided in housing assisted under HOPWA, the project sponsor shall provide for locating a care provider who can appropriately care for the individual and for referring the individual to the care provider.

Funding priorities are in the order listed above with a goal of utilizing 75% of funds for priorities 1 and 2.

The HOPWA Certificate Program will continue throughout 2004. The purpose of the program is to promote housing permanency/stability through the development of a plan for moving the person from a homeless or emergency situation to a stable housing situation, or to maintain an eligible person in their current housing. The program provides for \$200 per month per participant and is intended for specific participants for whom a housing plan has been developed and linkage to supportive services has been made.

MDCH recognizes being housing needy as a condition that can have several causes and effects. An important component, which helps to intervene with access difficulties, is linking the eligible participant with generic housing and services resources. A staff person meets with the eligible person, helps develop a care plan and helps identify strategies to link the person living with aids with the resources available. Resources such as the HOPWA certificate program are

also made available to eligible participants to help stabilize their housing situation.

3. MDCH Goals

The Michigan Department of Community Health (MDCH) strives for a healthier Michigan. To that end the department will:

- Promote access to the broadest possible range of quality services and supports;
- Take steps to prevent disease, promote wellness and improve quality of life; and
- Strive for the delivery of those services and supports in a fiscally prudent manner.

The Michigan Department of Community Health, through the Division of Community Living and Long Term Care Planning, is dedicated to alleviating problems of being homeless and/or housing needy among persons with special needs. It has taken aggressive leadership in achieving this goal.

4. Program Accomplishments and goals

- Emphasis on concentrating HOPWA resources on direct housing and housing advocacy continued in 2004. Regional projects were encouraged to maximize other sources of funding for supportive services, including Ryan White funds.
- Since the beginning of the HOPWA Certificate Program over 120 eligible participants have accessed this support
- Goal for 2005: regional projects will provide 150 units of rental assistance and 400 emergency housing assistance payments.
- Goal for 2005: pursue additional methods of linking HOPWA resources with permanent supportive housing production in 10 counties in Michigan.
- MDCH provided assistance in increasing the availability of adequate affordable housing for persons living with HIV/AIDS through
 - Administering a HUD Supportive Housing Program Grant;
 - Administering a HUD Shelter + Care Grant;
 - Technical assistance to troubled HUD SHP grantees;
 - Encouragement of local collaborations to increase production of supportive housing units;
 - Encouragement of local collaborations to assure the availability of the maximum number of Section 8 vouchers targeted to people with disabilities;
 - Encouragement of local collaborations on housing development that serves people with special service needs through the low income housing tax credit process;
 - Encouragement of local collaborations on HUD Section 811 units to ensure that adequate services are provided at those units; and
 - Participation in the Michigan Affordable Housing Conference to increase the housing IQ of developers, bankers, local officials and service providers

- Funding of a housing component to the Long Term Care Initiative which will encourage development of supportive housing for persons with long term care needs
- Administering a Nursing Facilities Transition Initiative, which targets Persons who reside in nursing facilities who either no longer require nursing facility care or no longer wish to remain in a nursing facility; persons exiting hospitals who do not wish to enter a nursing facility or who only require a short-term nursing facility stay. Goals of the project:
 - To assure that the needs of persons who have traditionally resided in nursing facilities are included in the planning and development of housing projects.
 - To develop a working model for preventing precipitous admissions to nursing facilities.
 - To inform housing providers regarding supportive services that are available to help persons avoid premature nursing facility admission.
 - To identify a model of access to services that are available outside of nursing facilities.
 - To assure that persons who require only a short-term nursing facility stay are offered the opportunity to return to the community.
 - To identify obstacles to funding services and to develop a uniform funding protocol across affected systems.

5. Obtaining Feedback on the Use of HOPWA Resources

Staff funded with HOPWA resources are encouraged to attend the local Continuum of Care meetings to assure coordination with other agencies and participation in a local planning process for the use of HOPWA funds.

Additionally, MDCH holds meetings at least annually to get feedback on the program and needed changes. Site visits are also planned periodically to get local input into the program.

APPENDIX 1

MICHIGAN HOUSING AND COMMUNITY DEVELOPMENT CONSOLIDATED PLAN

DEFINITIONS

Acquisition: Acquisition means acquisition of real property only, with no expectation of other listed activities being carried out in conjunction with the acquisition.

Affordability Gap: The extent to which gross housing costs, including utility costs, exceed 30 percent of gross income.

Affordable Housing: Affordable housing is generally defined as housing where the occupant is paying no more than 30 percent of gross income for gross housing costs, including utility costs.

AIDS and Related Diseases: The disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome.

Alcohol/Other Drug Addition: A serious and persistent alcohol or other drug addiction that significantly limits a person's ability to live independently.

Assisted Household or Person: For the purpose of specifying one-year goals for assisting households or persons, a household or person is assisted if, during the coming Federal fiscal year, they will benefit through one or more programs included in the jurisdiction's investment plan. A renter is benefited if the person takes occupancy of affordable housing that is newly acquired, newly rehabilitated, or newly constructed, and/or receives rental assistance. An existing homeowner is benefited during the year if the home's rehabilitation is completed. A first-time homebuyer is benefited if a home is purchased during the year. A homeless person is benefited during the year if the person becomes an occupant of transitional or permanent housing. Households or persons who will benefit from more than one program activity must be counted only once. To be included in the goals, the housing unit must, at a minimum, satisfy the HUD Section 8 Housing Quality Standards.

Community Housing Development Organization (CHDO): A CHDO is a specialized nonprofit organization with a demonstrated capacity to deliver affordable housing under the HOME Investment Partnership program. Participating Jurisdictions in the HOME program, like the State of Michigan, are responsible for certifying a nonprofit organization as a CHDO pursuant to HUD regulations governing the HOME program (See 24 CFR Part 92 *et seq*).

Certification: A written assertion, based on supporting evidence, that must be kept available for inspection by HUD, by the Inspector General of HUD, and by the public. The assertion shall be deemed to be accurate unless HUD determines otherwise, after inspecting the evidence and providing due notice and opportunity for comment.

Committed: Generally means there has been a legally binding commitment of funds to a specific project to undertake specific activities, or an obligation of funds to a state recipient.

Consistent with the Consolidated Plan: A determination made by the jurisdiction that a program application meets the following criterion: The Annual Plan for that fiscal year's funding indicates the jurisdiction's planned to apply for the program or was willing to support an application by another entity for the program; the activities serve the geographic area

designated in the plan; and the activities benefit a category of residents for which the jurisdiction's five-year strategy shows a priority.

Consolidated Plan (or "The Plan"): The document that is submitted to HUD that serves as the planning document (comprehensive housing affordability strategy and community development plan) of the jurisdiction and an application for funding under any of the Community Planning and Development formula grant programs (CDBG, ESG, HOME, or HOPWA), which is prepared in accordance with the process prescribed in this part.

Consortium: An organization of geographically contiguous units of general local government that are acting as a single unit of general local government for the purpose of the HOME program (see 24 CFR part 92).

Cost Burden: The extent to which gross housing costs, including utility costs, exceed 30 percent of gross income, based on data published by the U.S. Census Bureau.

DOE and Other Energy Programs: DOE means the U.S. Department of Energy. Other energy programs means other federal program funding sources not administered through HUD.

Economic Independence and Self-Sufficiency Programs: Programs undertaken by Public Housing Agencies (PHAs) to promote economic independence and self-sufficiency for participating families. Such programs may include Project Self-Sufficiency and Operation Bootstrap programs that originated under earlier Section 8 rental certificate and rental voucher initiatives, as well as the Family Self-Sufficiency program. In addition, PHAs may operate locally developed programs or conduct a variety of special projects designed to promote economic independence and self sufficiency.

Elderly Head of Household: A family in which the head of the household, or spouse, is at least 62 years of age.

Elderly Person: A person who is at least 62 years of age.

Emergency Shelter: Any facility with overnight sleeping accommodations, the primary purpose of which is to provide temporary shelter for the homeless in general or for specific populations of the homeless.

Entitled Area: A city, township, or urban county that receives Community Development Block Grant funding directly from the federal government.

Existing Homeowner: An owner-occupant of residential property who hold legal title to the property and who use the property as his/her principal residence.

Extremely low-income family: Family whose income is between zero and 30 percent of the median income for the area, as determined by HUD with adjustments for larger and smaller families, except that HUD may establish income ceilings higher or lower than 30 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

FmHA: Programs administered through the Farmer's Home Administration now called U.S. Department of Agriculture Rural Development (USDA-RD).

Family: A household comprised of one or more individuals.

Family Self-Sufficiency (FSS) Program: A program enacted by Section 554 of the National Affordable Housing Act which directs Public Housing Agencies and Indian Housing Authorities to use Section 8 assistance under the rental certificate and rental voucher programs, together with public and private resources to provide supportive services, to enable participating families to achieve economic independence and self-sufficiency.

Federal Preference for Admission: The preference given to otherwise eligible applicants under HUD's rental assistance programs who, at the time they seek housing assistance, are involuntarily displaced, living in substandard housing, or paying more than 50 percent of family income for rent.

First Time Homebuyers: An individual or family who has not owned a home during the three-year period preceding the HUD-assisted purchase of a home that must be used as the principal residence of the home buyer.

For Rent: Vacant year-round units which are offered for rent.

For Sale: Vacant year-round units being offered for sale only.

Frail Elderly: An elderly person who is unable to perform at least three activities of daily living (i.e., eating dressing, bathing, grooming, and household management activities).

Group Quarters: Facilities providing living quarters that are not classified as housing units. Examples include: prisons, nursing homes, dormitories, military barracks, and shelters.

HOME: Refers to the HOME Investment Partnerships Act, which is Title II of the National Affordable Housing Act.

Homeless Family: A family composed of the following types of homeless persons: at least one parent or guardian and one child under the age of 18; a pregnant woman; or a person in the process of securing legal custody of a person under the age of 18.

Homeless Person: A youth (17 years or under) not accompanied by an adult (18 years or older) or an adult without children, who is homeless (not imprisoned or otherwise detained pursuant to an Act of Congress or a State law), including the following:

- (1) An individual who lacks a fixed, regular, and adequate nighttime residence; and
- (2) An individual who has a primary nighttime residence that is:
 - (i) A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);

(ii) An institution that provides a temporary residence for individuals intended to be institutionalized; or

(iii) A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.

Homeless Subpopulations: Include but are not limited to the following categories of homeless persons: severely mentally ill only, alcohol/drug addicted only, severely mentally ill and alcohol/drug addicted, fleeing domestic violence, youth, and persons with HIV/AIDS.

HOPE 1: The HOPE for Public and Indian Housing Homeownership Program, which is Title IV, Subtitle A of the National Affordable Housing Act.

HOPE 2: The HOPE for Homeownership of Multifamily Units Program, which is Title IV, Subtitle B of the National Affordable Housing Act.

HOPE 3: The HOPE for Homeownership of Single Family Homes Program, which is Title IV, Subtitle C of the National Affordable Housing Act.

Household: One or more persons occupying a housing unit. Housing unit includes houses, apartments, groups of rooms or separate living quarters.

Household Population: Persons in a housing unit. Housing unit includes houses, apartments, group of rooms or separate living quarters.

Housing Problems: A noncumulative estimate of the number of renter households that: (1) occupy units meeting the definition of Physical Defects; (2) meet the definition of Overcrowded; and (3) meet the definition of Cost Burden, using more than 30 percent of household income for rent.

Housing Unit: An occupied or vacant house, apartment, or a single room (SRO housing) that is intended as separate living quarters.

Institutions/Institutional: Group quarters for persons under care or custody.

Intermediaries (Local and National): Not-for-profit groups who facilitate business participation in community based development by screening projects, assembling funding partners, providing technical assistance, and sharing investment risks.

Jurisdiction: A State or unit of general local government.

Large Related: A household of five or more persons which includes at least two related persons.

Lead-Based Paint Hazard: Any condition that causes exposure to lead from lead-contaminated dust, lead-contaminated soil, lead-contaminated paint that is deteriorated or present in accessible surfaces, friction surfaces, or impact surfaces that would result in adverse human health effects as established by the appropriate Federal agency. (residential Lead-Based Paint Hazard Reduction Act of 1992 definition.)

LIHTC: Low Income Housing Tax Credit or Housing Tax Credit.

Low-Income Family: Low-income families whose incomes do not exceed 50 percent of the median family income for the area, as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 50 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

Middle-Income Family: Family whose income is between 80 percent and 95 percent of the median income for the area, as determined by HUD, with adjustments for smaller or larger families, except that HUD may establish income ceilings higher or lower than 95 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes. (This corresponds to the term "moderate income family" under the CHAS statute, 42 U.S.C. 12705.)

Moderate-Income Family: Family whose income does not exceed 80 percent of the median income for the area, as determined by HUD with adjustments for smaller and larger families, except that HUD may establish income ceilings higher or lower than 80 percent of the median for the area on the basis of HUD's findings that such variations are necessary because of prevailing levels of construction costs or fair market rents, or unusually high or low family incomes.

Moderate Rehabilitation: Rehabilitation of residential property at an average cost for the project not in excess of \$25,000 per dwelling unit.

Needing Rehab: Dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction of minor livability problems or maintenance work.

Non-Elderly Household: A household which does not meet the definition of "Elderly Household," as defined above.

Non-Elderly Head of Household for a Large Family: A five or more member family where the head of the household is below the age of 62 years.

Non-Elderly Head of Household for a Small Family: A one to four member family where the head of the household is below the age of 62 years.

Nonentitled Metropolitan Areas: All minor civil divisions, such as cities, villages, and townships, in metropolitan counties that are not eligible to receive Community Development Block Grant funds directly from the federal government.

Non-Homeless Persons with Special Needs: Includes frail elderly persons, persons with AIDS, families with one or more members with a disability, and families participating in organized programs to achieve economic self-sufficiency.

Non-Institutional: Group quarters for persons not under care or custody.

Nonmetropolitan Areas: Rural areas of the state.

Not Rehabbable: Dwelling units that are determined to be in such poor condition as to be neither structurally nor financially feasible for rehabilitation.

Occupied Housing Unit: A housing unit that is the usual place of residence of a person or group.

Operating Costs: Costs to carry out the actual operations of a project, such as electricity, rent and utilities. Funds expected to be committed for operating costs are only to be provided for those listed programs for the homeless which are unshaded under Column J--Operating Costs. Operating costs for other programs, even if they are eligible expenditures for the listed programs, are not to be filled in.

Other Household: A household of one or more persons that does not meet the definition of a Small Related household or a Large Related household, or is an elderly household comprised of 3 or more persons.

Other Income: Families or households whose incomes exceed 80 percent of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families.

Other Persons with Special Needs: Includes elderly persons, frail elderly persons, persons with AIDS, families with one or more members with a disability, and families participating in organized programs to achieve economic self-sufficiency. This category does not include homeless.

Other Vacant: Vacant year-round housing units that are not For Sale, For Rent, or Vacant Awaiting Occupancy or Held.

Overcrowded: A housing unit containing more than one person per room. (U.S. Census definition)

Owner: A household that owns the housing unit it occupies.

Person with a Disability: A household composed of one or more persons at least one of whom is an adult (a person of at least 18 years of age) who has a disability. A person shall be considered to have a disability if the person is determined to have a physical, mental, or emotional impairment that: (1) is expected to be of long-continued and indefinite duration, (2) substantially impeded his or her ability to live independently, and (3) is of such a nature that the ability could be improved by more suitable housing conditions. A person shall also be considered to have a disability if he or she has a developmental disability as defined in Section 102(7) the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001-6007). The term also includes the surviving member or members of any household described in the first sentence of this paragraph who were living in an assisted unit with the deceased member of the household at the time of his or her death.

Physical Defects: A housing unit lacking complete kitchen, bathroom, or electricity.

Primary Housing Activity: A means of providing or producing affordable housing - such as rental assistance, production, rehabilitation or acquisition - that will be allocated significant resources and/or pursued intensively for addressing a particular housing need.

Project-Based (Rental) Assistance: Rental Assistance provided for a project, not for a specific tenant. Tenants receiving project-based rental assistance give up the right to that assistance upon moving from the project.

Public Housing CIAP: Public Housing Comprehensive Improvement Assistance Program.

Public Housing MROP: Public Housing Major Reconstruction of Obsolete Projects.

Rent Burden > 30 percent (also Cost Burden): The extent to which gross housing costs, including utility costs, exceed 30 percent of gross income, based on data published by the U.S. Census Bureau.

Rent Burden > 50 percent (also Severe Cost Burden): The extent to which gross housing costs, including utility costs, exceed 50 percent of gross income, based on data published by the U.S. Census Bureau.

Rental Assistance: Rental assistance payments provided as either project-based rental assistance or tenant-based rental assistance.

Renter: A household that rents the housing unit it occupies, including both units rented for cash and units occupied without cash payment of rent.

Renter Occupied Unit: Any occupied housing units that are not owner occupied, including units rented for cash and those occupied without payment of cash rent.

Rural Homelessness Grant Program: Rural Homeless Housing Assistance Program, which is authorized by Subtitle G, Title IV of the Stewart B. McKinney Homeless Assistance Act.

Secondary Housing Activity: A means of providing or producing affordable housing - such as rental assistance, production, rehabilitation or acquisition - that will receive fewer resources and less emphasis than primary housing activities for addressing a particular housing need.

Section 215: Refers to Section 215 of Title II of the National Affordable Housing Act. Section 215 defines what constitutes "affordable" housing projects under the Title II HOME program.

Service Needs: The particular services identified for special needs populations, which typically may include transportation, personal care, housekeeping, counseling, meals, case management, personal emergency response, and other services to prevent premature institutionalization and assist individuals to continue living independently.

Severe Cost Burden: The extent to which gross housing costs, including utility costs, exceed 50 percent of gross income, based on data published by the U.S. Census Bureau.

Severe Mental Illness: A serious and persistent mental or emotional impairment that significantly limits a person's ability to live independently.

Sheltered: Families and persons whose primary nighttime residence is a supervised publicly or privately operated shelter (e.g., emergency, transitional, battered women, and homeless youth shelters; and commercial hotels or motels used to house the homeless). Sheltered homeless does not include any individual imprisoned or otherwise detained pursuant to an Act of Congress or State law.

Shared Housing: Home sharing is a practical housing alternative for two or three unrelated persons, one of whom is usually an older adult. The living arrangements involve a common dwelling unit, with separate bedrooms while sharing other areas such as the kitchen, living and dining room facilities. Sometimes services are provided in exchange for rental payments. Compatible home share seekers and providers are linked through a network of agencies with professional staff skilled in the matching process.

Small Related: A household of two to four persons which includes at least two related persons.

Substandard Condition and Not Suitable for Rehab: By local definition, dwelling units that are in such poor condition as to be neither structurally nor financially feasible for rehabilitation.

Substandard Condition But Suitable for Rehab: By local definition, dwelling units that do not meet standard conditions but are both financially and structurally feasible for rehabilitation. This does not include units that require only cosmetic work, correction or minor livability problems or maintenance work.

Substantial Amendment: A major change in an approved housing strategy. It involves a change to the five-year strategy, which may be occasioned by a decision to undertake activities or programs inconsistent with that strategy.

Substantial Rehabilitation: Rehabilitation of residential property at an average cost for the project in excess of \$25,000 per dwelling unit.

Supportive Housing: Supportive Housing is service enriched and affordable permanent housing options which promote independence, self sufficiency, personal responsibility and self determination.

Supportive Service Need in FSS Plan: The plan that Public Housing Agencies (PHAs) administering a Family Self-Sufficiency program are required to develop to identify the services they will provide to participating families and the sources of funding for those services. The supportive services may include child care; transportation; remedial education; education for completion of secondary or post secondary schooling; job training, preparation and counseling; substance abuse treatment and counseling; training in homemaking and parenting skills; money management, and household management; counseling in homeownership; job development and placement; follow-up assistance after job placement; and other appropriate services.

Supportive Services: Services provided to residents of supportive housing, or those living in their own homes, for the purpose of facilitating the independence of residents. Some examples are case management, medical or psychological counseling and supervision, child care, transportation, and job training.

Tenant Assistance: Rental assistance payments provided as either project-based assistance or tenant-based rental assistance.

Total Vacant Housing Units: Unoccupied year-round housing units.

Transitional Housing: Provides temporary shelter up to twenty-four months with a range of supportive services to facilitate the transition of homeless persons to a more permanent living situation. Supportive services include job training, job placement, mental health care, child care, and case management.

Unit of General Local Government: A city, town, township, county, parish, village, or other general purpose political subdivision of a State; an urban county; and a consortium of such political subdivisions recognized by HUD in accordance with the HOME program (part 92) or the CDBG program (part 570).

Unsheltered: Families and individuals whose primary nighttime residence is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings (e.g., the street, sidewalks, cars, vacant and abandoned buildings).

Vacant Awaiting Occupancy or Held: Vacant year-round housing units that have been rented or sold and are currently awaiting occupancy, and vacant year-round housing units that are held by owners or renters for occasional use.

Vacant Housing Unit: Unoccupied year-round housing units that are available or intended for occupancy at any time during the year.

Worst-Case Needs: Unassisted, very low-income renter households who pay more than half of their income for rent, live in seriously substandard housing (which includes homeless people) or have been involuntarily displaced.

Year-round Housing Units: Occupied and vacant units intended for year-round use. Housing units for seasonal or migratory use are excluded.

APPENDIX 2

ACRONYMS

ACP	Adult Community Placement
ADL	Activities of Daily Living
AFDC	Aid to Families With Dependent Children, now known as TANF
AIS/MR	Alternative Intermediate Services for the Mentally Retarded
CAA	Community Action Agency
CDBG	Community Development Block Grant
CDC	Community Development Corporation
CHAP	Comprehensive Homeless Assistance Plan
CHAS	Comprehensive Housing Affordability Strategy
CHDOs	Community Housing Development Organizations
CLCF	Community Living, Children and Families Administration
CLPPP	Child Lead Poisoning Prevention Program
CP	Consolidated Plan
CSBG	Community Services Block Grant
DDC	Developmental Disabilities Council
DV	Domestic Violence
DVTPB	Domestic Violence Treatment and Prevention Board
EHAP	Emergency Housing Apartment Program
ENP	Emergency Needs Program
EO	Executive Order
EPSDT	Early and Periodic Screening, Diagnosis and Treatment
ESG	Emergency Shelter Grant
EZ/EC	Empowerment Zone/Enterprise Community
FEMA	Federal Emergency Management Act
FmHA	Farmers Home Administration (renamed USDA -RD)
Fannie Mae	Federal National Mortgage Association
Freddie Mac	Federal Home Loan Mortgage Corporation
FSS	Family Self-Sufficiency Program
FUDP	Family Unification Demonstration Program
FY	Fiscal Year
HAP	Housing Assistance Program
HHS	Health & Human Services
HIP	Home Improvement Program
HOME	HOME Investment Partnership Program
HOPE	Homeownership and Opportunity for People Everywhere
HOPWA	Housing Opportunities for People with AIDS
HQS	Housing Quality Standards
HRRP	HOME Rental Rehabilitation Program
HUD	Department of Housing & Urban Development
IADL	Instrumental Activities in Daily Living
ICF/MR	Intermediate Care Facilities for the Mentally Retarded
ICH	Interagency Council on the Homeless
LHRP	Lead Hazard Remediation Program
LIHTC	Low Income Housing Tax Credit or Housing Tax Credit
LISC	Local Initiatives Support Corporation

MCC	Mortgage Credit Certificate
MCDDA	Michigan Community Development Director Association
MDCH	Michigan Department of Community Health
MDEQ	Michigan Department of Environmental Quality
MDMH	Michigan Department of Mental Health, now known as MDCH
MDNR	Michigan Department of Natural Resources, now known as MDEQ
MDOL	Michigan Department of Labor
MDPH	Michigan Department of Public Health, now known as MDCH
MDSS	Michigan Department of Social Services, now known as MFIA
MFIA	Michigan Family Independence Agency
MFI	Median Family Income
MHAAB	Michigan Homeless Assistance Advisory Board
MICH	Michigan Interagency Committee on Homelessness
MJC	Michigan Jobs Commission
MMHSAS	Michigan Mental Health and Substance Abuse Services
Mod Rehab	Moderate Rehabilitation
MRB	Mortgage Revenue Bonds
MSA	Metropolitan Statistical Areas
MSHDA	Michigan State Housing Development Authority
MVTF	Michigan Veterans Trust Fund
NAHA	National Affordable Housing Act
NEDS	Neighborhood Economic Development Strategies
NHG	Neighborhood Housing Grant
NHIS	National Health Interview Surveys
NIAAA	National Institute on Alcohol Abuse and Alcoholism
NIMH	National Institutes of Mental Health
OMB	Federal Office of Management and Budget
OSA	Office of Services to the Aging
OSAS	Office of Substance Abuse Services
PATH	Projects to Assist in Transition from Homelessness
PHA	Public Housing Authority
PHH	Permanent Housing for the Handicapped
PJ	Participating Jurisdictions
PLWH/A	People Living with HIV/AIDS
PWA	Persons With Aids
RAP	Rental Assistance Program
RRP	Rental Rehabilitation Program
SAFAH	Supplemental Assistance for Facilities to Assist the Homeless
SER	State Emergency Relief
SMSA	Standard Metropolitan Statistical Area
SRO	Single Room Occupancy
SSI	Supplemental Security Income
TANF	Temporary Assistance to Needy Families
USDA - RD	USDA Rural Development (Previously Farmers Home Administration)

APPENDIX 3

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APPENDIX 4

MICHIGAN HOUSING AND COMMUNITY DEVELOPMENT CONSOLIDATED PLAN

COMMENTS: PUBLIC HEARING, CONSULTATIONS AND WRITTEN

SUMMARY OF COMMUNITY DEVELOPMENT CONSULTATION

Some people view community development as the catchall category for everything that doesn't fit into housing and economic development, while others see it as the whole set of activities that make communities viable. Community development includes the major categories of Housing, Public Safety, Education, Jobs and Economic Opportunities, Infrastructure, and Services. (some activities like transportation and special needs cross categories). What each community needs varies, so the design must be local.

Smaller communities lack the capacity and the political will to do strategies, and rural county-level jurisdictions especially lack the ability and will to target areas. If plans are to be required, then the state must include assistance (e.g., planning grants and administrative funding) to undertake the planning and coordination activities. One suggestion is a "Community Development" SWAT Team" of state-funded experts that would go into a community and help it assess needs and develop strategies. They also suggested that a community development planning "toolkit" be developed for communities to use.

Participants expressed concerns that policies continue to support/enhance the viability of central cities. Regional issues (e.g., deconcentration of housing and job opportunities) that transcend local jurisdictions, and non-entitled suburban areas can choose not to respond to needs, so they would like to see the state play a stronger leadership role in encouraging affordable housing in outlying areas. Participants also suggested more proactive support of central cities through the use of environmental reviews (e.g., impact statements and concurrence) to limit sprawl and developments that have negative impacts on central cities.

While the participants would like to see increased non-housing CD funding, they strongly preferred not to diminish the commitment to housing. The activities they would like to see funded are micro-business lending and comprehensive downtown improvements a la Rebuild Michigan. They would also like to see multi-year funding of these strategies, and assistance in paying for preliminary engineering and design work on infrastructure projects.

In housing-related activities, they would like to be able to deal with converting non-conforming and occupied properties to owner-occupancy. They believe that MSHDA should continue to try to figure out how to support/encourage small rental property rehab. And, they would like to preserve the channels other than banks for running DPA programs.

In the services area, they would also like to see increased emphasis on pre-/post-purchase counseling for homebuyers, neighbor-to-neighbor "community reinforcement design elements in CD strategies, and greater emphasis and funding of community organizing efforts as part of CD strategies.

The state has shown increasing flexibility, but still more needs to be done to open up the full range of activities permissible by statutes/regulations. An innovations or special projects fund

is recommended to allow communities to propose activities that fall outside of the existing programs (yet are still permitted by regulations).

Suggestions for tinkering with existing MSHDA program requirements were limited --- greater flexibility in the reuse of program income for a broader range of eligible activities; and removing the MSHDA price limits on acquisition, development, resale component.

SUMMARY OF RURAL HOUSING AND DEVELOPMENT CONSULTATION

Sub-standard housing, both owner and rental needs to be addressed. Seasonal homes are being used for year-round dwelling. Affordable housing, both owner and rental is not available. The need appears to be in the \$50K to \$80K (cost) range for homeowner. Cannot fill jobs here because workers cannot find affordable housing. Lack of rental codes is problem; lack of ability to enforce existing rental codes, and many don't want to enforce codes as people will become homeless. There is a gap between HUD AMI (affordability range) and actual affordability, and local incomes that do not compare well with HUDs standards.

In Marquette there are too many one-bedroom units for elderly, we'd open them up to the non-elderly, but students would move in, concerning the existing elderly population. Need for student housing.

MSHDA needs to put higher priority on small scale (15 to 30 unit) developments; current programs have an urban bias.

Many rural communities are old and the infrastructure is falling apart; the neighborhoods begin a downward cycle of despair and decay. We need some comprehensive neighborhood renewal.

Need for services for seniors, transportation, child care, job creation, assistance for the working poor, welfare reform, rural health needs (access to health care is centralizing in population centers, leaving the rural population underserved), economic development (too many jobs are minimum wage service jobs), and infrastructure improvement.

Need more community development funds for small communities. Need money for infrastructure, most MDEC goes for jobs.

Need for in-home assisted living options, a step between independent living and nursing home care. Need for affordable family housing (2 to 3 BRs), the market is heavy with senior units.

Need a more regional strategy for AIDS/HIV issues. Focus of HOPWA and other available funding should be for support of people with AIDS in their homes rather than moving them to facilities, this is better and cheaper.

There is high need for more transitional housing, especially for victims of domestic violence.

Credit counseling for people is needed, but the staff is not available to provide it.

Need for lenders to help provide MSHDA (and other lender) mortgages.

MSHDA needs to work more with PHA's.

State should nurture regional housing and development forums that meet regularly to discuss issues, made up of representatives from banks, utilities, Rural Development, churches, business, law enforcement; additionally, postal workers, school bus drivers and assessors traditionally know a great deal about what is going on in communities.

The following activities are needed as part of a comprehensive rural strategy: more administrative dollars; support for migrant housing clients who need help “navigating” the system; education on life skills, home maintenance, and credit repair; well-water and septic issues need to be addressed (awareness of environmentally-friendly self-contained water/sewer systems); youth activities; business start up and assistance; work with local units of government on housing code enforcement, need for technical assistance and TA.

Increased funding, technical assistance and training opportunities, information sharing between the state and local communities, and economic development assistance is needed to develop comprehensive rural strategies. Rural needs must be addressed through local strategies but guidance is needed from the state; the state needs to foster and strengthen local partnerships. Example, MSHDA mandated continuum of care strategy has helped form some wonderful partnerships and lines of communication.

The State can improve its program mix by reevaluating what does and does not work and make appropriate adjustments. MSHDA should put out a pilot RFP seeking proposals for new programs or ways to fund housing and let local folks come up with innovative ideas(i.e., use of community land trusts, IDAs etc.) and look at other models in other states.

MSHDA should continue to give technical assistance to emerging rural groups and encourage staff development. Ongoing and comprehensive housing training is needed, along the lines of the DTI model.

SUMMARY OF HOMEOWNER/HOMEBUYER CONSULTATION

An emerging trend is the increase in new mobile home parks. Need for repairs to homes in parks, where owners of units lease the property. Perhaps MSHDA can collaborate with Mobile Home Commission or Manufactured Homes Association.

Rural communities suffer because not as many community organizations, foundations, thus less access to operating/administrative funds. Current programs don't provide enough administrative dollars to support. Also can't find other matching funds locally, many communities are partnering with Rural Development, using RD funds to leverage CDBG and HOME funding. Requiring matching funds is a problem; many communities are reluctant to apply for programs because they can't find matching funds.

Replacement housing program is wonderful program; saves a lot of people but desire changes to get more match from CDBG, get CAP raised on purchase and go to 80% of median.

MSHDA needs to inform communities earlier in the process about changes to programs. Changes to the Property Improvement Program affected participation. Requirements that grants be repayable and paperwork are problems.

The State imposed income cap on the PIP program is a problem for large families; \$43,575 is

not much when there is a large household. All income must be counted even if members not contributing i.e., children moving back in with parents due to hard times. Possibly adjust by family size. Also, single headed households have increased and there is a big need for programs that help them become homeowners; flexible credit and ratios are needed.

Funders of homeownership/homebuyer programs need to look at whole community, not just the house. Transportation, location to employment etc. have an impact on successful homeownership.

The market is driving the costs of homes up; need to continue programs to forgive part of rehab or new construction costs so the end unit is affordable to the buyer. Also, these programs need to be emphasized and marketed more.

Some area have no participating lenders in MSHDA's single family and PIP programs. Applicants have to travel long distances to apply for a loan. Need to get better coverage.

MSHDA needs to educate potential users. Lenders could offer programs if more information were available to public. Lenders can't pursue this type of marketing because cost/benefit is too low. Lenders need streamlined programs, the less paperwork the better.

Marketing and communication on available programs needs to be simplified for lenders. Lenders would like more info on programs coming out or on what is working, what is not. Lenders use over 100 originators, 110 programs, and government programs are the most difficult to use; most paper etc.; FANNIE and FREDDIE etc are easier to use. In competitive banking, need to have more competitive processing and pricing.

There is a great need for homeownership education. Need a program to help new homebuyer and existing homeowners be good homeowners. Need life skill education in conjunction with homeowner rehab programs. Too often rehab completed with public resources needs to be redone down the road because the owner(s) don't maintain the unit. More state and federal funding is needed for homeownership education. Making loans repayable has made homeowner rehab customers more responsible.

Non-profit organizations working with homeless grants emphasize case management for supportive services for individuals entering home ownership. Need funding for supportive services for new homeowners..

Some of PIP's roadblocks are that it benefits primarily higher income or lower income persons without mortgages. Local loan programs offer lower interest rate rehab loans thus competing with PIP; so leveraging not working well. CDBG repayable program difficult to set up. PIP difficult to leverage because of market they hit versus those who qualifies for CDBG. If matching CDBG with PIP, many eligible low income households for CDBG are eliminated due to PIP credit requirements.

Increased funding is needed to local communities to effectively address the need for homeowner rehabilitation loans; change formula to reflect need not just population and target more to areas with larger numbers of households under 80% median. Also, there is a need for a program that provides improvements to permit seniors to stay in their homes.

Barrier to offering homeowner/homebuyer programs is the difficulty in getting contractors. Also, need to increase subsidies for Acquisition/Development/Resale in high cost areas.

SUMMARY OF SPECIAL NEEDS CONSULTATION

Housing Needs:

There is a need for more affordable housing, via increased financial support and greater consumer control of resources. Available housing needs to be located near supports such as service programs, support groups, health facilities, and recreational, and religious institutions.

There is a need for improved relationships/collaboration between cities, towns, and state agencies to collectively promote/implement safe, inclusive, accessible & affordable housing and communities.

There is a need to give developers extra incentives to build to universal design and landlords to allow for retrofitting of existing units. More truly barrier free housing is needed.

Need choice of housing. Housing focus for special needs populations should not be exclusively mainstreamed or through an "enclosed" environment. Both options should be available, people need **choices**.

There is a need for more transitional and permanent housing availability, especially in rural areas of the state. It is hard for people to "step-up" from shelters when there is no housing supply to accommodate them.

Disability, all types, need to become a priority again in existing housing policy.

Need less funds going into brick and mortar and more into rental assistance programs. Need to reduce the waiting time to access assisted housing for persons with disabilities. Especially true of persons "mis"-housed in nursing homes.

Support Service Needs:

There is a great need to support persons who already have housing so that they can successfully maintain their housing choice.

There is a need for support for dually diagnosed residential settings that offer adequate resources.

There is a need for more handicap accessibility and housing accessible to health treatment for persons with AIDS/HIV. Support is targeted more to single males, leaves others out.

Programs:

Need to be more flexible on credit and tenant history requirements to get rental assistance.

Need to educate consumers, providers, non-profits, local governments etc, on the State's programs. Consumers can't access housing and support if they don't know how. Even those who know about the programs find them too complicated and difficult to access.

Continuum of Care (homeless) priority has been on women and children; also need to look at serving people with all disability types in their community.

The Continuum of Care process is not good in some areas of the state; coming up with a gap analysis is hard to do. Need local community control to document unmet need but the complexity of the local programs makes choosing priorities difficult. Also, there are not enough dollars to warrant the time and effort participating in the Continuum of Care process.

Need additional Section 8 vouchers and need to increase the downpayment assistance level in high cost markets.

Need more supportive services; can't link housing with services that aren't there.

Other:

Public transportation or affordable, reliable, transportation of any kind is needed as is daycare.

More barrier busting is needed at the state level, more coordination of services and housing.

APPENDIX 5

HOMELESS FACILITIES AND SERVICES IN THE STATE OF MICHIGAN

Go to www.mihomeless.org for the most up to date listing.

APPENDIX 6

CERTIFICATIONS

AVAILABLE UPON REQUEST